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# ***Daily Report***

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## **China**

**FBIS-CHI-94-050  
Tuesday  
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# Daily Report

## China

FBIS-CHI-94-050

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**NOTICE TO READERS:** An \* indicates material not disseminated in electronic form.

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## General

### U.S. Secretary Meets Russian Counterpart in Vladivostok

OW1403143294 Beijing XINHUA in English 1342  
GMT 14 Mar 94

[Text] Moscow, March 14 (XINHUA)—Foreign Minister Andrey Kozyrev and his U.S. counterpart Warren Christopher met in the Far Eastern Russian city of Vladivostok today for talks on bilateral relations, the INTERFAX NEWS SERVICE reported.

The report said their talks started in the city's airport building directly after Christopher's arrival and were expected to cover ways of dealing with the recent spy row between the two countries, former U.S. President Richard Nixon's visit to Moscow, and how to build strategic partnership relations.

They will also discuss a settlement of the Bosnian conflict and the peace process in the Middle East.

Before leaving Moscow for Vladivostok Sunday [13 March] night, Kozyrev had said there were certain groups both in the United States and Russia opposed to cooperation between the two countries, especially if it assumes a strategic character.

However, he told reporters at Moscow Airport that further development of Russian-U.S. relations should be based on the principles under the Moscow Declaration signed by U.S. President Bill Clinton and Russian President Boris Yeltsin in January.

After the talks, Kozyrev and Christopher are expected to hold a brief news conference.

### XINHUA Cites Kozyrev's Remarks on Relations With U.S.

OW1403170094 Beijing XINHUA in English 1644  
GMT 14 Mar 94

[Text] Moscow, March 14 (XINHUA)—Russian Foreign Minister Andrey Kozyrev said Russia and the United States should enter into relations of partnership but both sides should have their independence.

The minister told the press before his meeting with visiting U.S. Secretary of State Warren Christopher in the Russian Far East city of Vladivostok that both Russia and the United States have no other choice but to enter into relations of partnership. However, such a relationship does not mean that one party should restrain its actions while the other enjoys much freedom.

He also rejected the idea that the U.S. is the senior partner while Russia is junior.

Russia-U.S. relations fell back in the past two months due to their different positions on the Bosnia-Herzegovina conflict and the espionage issue.

The meeting between the two ministers is expected to focus on "mending bilateral relations" and on the situation in Bosnia-Herzegovina and Middle East issue.

Kozyrev said this meeting will provide a change for the two countries to establish their relations of strategic partnership on a mature basis.

He suggested that in establishing relations of partnership, Russia should not follow every step of the West and Russians should not have the idea that partnership means no conflict or problem between the two countries.

He noted that every pragmatic politician must understand two basic facts. Firstly, Russian is a big nation. Therefore, it should not be treated as a small brother but as an equal partner. Secondly, relations of partnership should not sacrifice Russia's policies of national interest.

The Russian foreign minister criticized the "wild fantasy" by some people of regarding the United States as "the sole leader of the present world."

He said in the present world the U.S. is not able to solve every problem by its own. Russia, though is facing many difficulties, is still a big power in that it has nuclear weapons as well as a strong military force, he added.

### Russia Appears To Support Muslim-Croat Agreement

OW1503021794 Beijing XINHUA in English 0159  
GMT 15 Mar 94

[Text] Belgrade, March 14 (XINHUA)—Russia today appeared to be supporting an agreement reached by Bosnian Muslims and Croats by calling on the Bosnian Serbs to "seriously study" the accord.

Russian Deputy Foreign Minister Vitaliy Churkin said during a meeting with Serbian President Slobodan Milosevic here that the agreement concluded between Bosnian Muslims and Croats in Washington on March 1 to set up a federation could help solve the Bosnian conflict.

According to the agreement, Bosnian Serbs will be invited to join the federation.

U.S. Presidential Envoy for Bosnia Charles Redman last week met with Churkin in London, asking the latter to persuade the Serbs to join the U.S.-sponsored peace plan.

Churkin has been shuttling between Zagreb, Sarajevo, Pale and Belgrade.

Meanwhile, U.S. Secretary of State Warren Christopher and Russian Foreign Minister Andrey Kozyrev met Monday in Vladivostok to discuss newly-emerging problems between the two countries.



The two foreign ministers agreed in their talks that the two countries should continue to seek cooperation in international issues including Bosnia and the Middle East.

In another development, UNPROFOR commander in Bosnia lieutenant General Michael Rose arrived at the Tuzla airport to inspect the work under way to reopen the airport for humanitarian relief supplies.

The Bosnian Serbs agreed to end the siege of the airport on March 1 on condition that Russia sends observers to guarantee that the airport only be used for relief supplies.

But the date of the airport's reopening has not been set yet.

#### **IAEA Ends Inspection of DPRK Nuclear Facilities**

*OW1503033294 Beijing XINHUA in English 0320 GMT 15 Mar 94*

[Text] Pyongyang, March 15 (XINHUA)—The International Atomic Energy Agency (IAEA) inspectors today left the Democratic People's Republic of Korea (DPRK) after two weeks of inspections of the country's nuclear facilities.

They declined to talk about the inspection process and said that results will not be released immediately.

The inspection of seven of the nine DPRK nuclear sites was agreed to in a February-15 accord between the IAEA and the DPRK. Pyongyang described the accord as one aimed at ensuring nuclear safety.

The IAEA is expected to negotiate with the DPRK on inspection of the remaining two nuclear facilities to verify that the DPRK is not developing nuclear weapons.

The U.S. Central Intelligence Agency suspects that the DPRK is developing nuclear weapons in the two facilities.

The United States has made the implementation of IAEA inspections one of the conditions for opening the third U.S.-DPRK high-level meeting, scheduled for March 21 in Geneva.

#### **President Clinton's Opening Remarks at G-7 Job Summit**

*OW1403191794 Beijing XINHUA in English 1851 GMT 14 Mar 94*

[Text] Detroit, March 14 (XINHUA) - President Bill Clinton, opening the jobs summit of the Group of Seven nations here today, urged Japan and Europe to stimulate their economies for jobs creation.

In his speech, the President hinted that the restrictions of domestic demand in Japan and the high interest rates in Europe, especially in Germany, were part of the reason for the high unemployment rates in the West.

"Have we balanced our fears of inflation with the need for economic growth?" Clinton asked the G-7 delegates, which include economic, finance, labor and trade ministers of the world's major industrial nations.

"One lesson is clear," Clinton said. "There is no rich country on Earth that can expand its own job base and its income unless there is global economic growth."

In previous G-7 meetings, Clinton said, the U.S. was criticized for its high budget deficit. And now, with deficit on decline and 2.1 million new jobs created in the past 13 months, the U.S. should be proud, Clinton said.

The President, meanwhile, asked the participants to talk together "openly and honestly" about the problems of growth.

"Every advanced nation is facing that choice between hope and fear, between stagnation and change, between closing up and opening up," Clinton said. "America has chosen the path of change."

He said that while the U.S. should continue to bring its deficit down, Japan should increase domestic demand, Europe should continue to work for lower interest rates "so that these three things together can spark a new round of worldwide growth which will create more economic activity and more jobs."

The President said that trade was not a zero-sum game. In the U.S., the export-related jobs pay on average 22 percent more than the jobs that have nothing to do with exports.

The President also asked the summit to address the three challenges: training high-skilled workers to meet job changes, increasing productivity without shedding workers, and ensuring a social safety net for workers, from health care, welfare, training to family leave and child care.

"We cannot turn away from the notion that modernization is the key to employment," he said, adding that the trick for the government and private sector was to keep finding new area that productivity will succeed.

"If we allow ourselves for a minute to try to resist the growth of productivity, we are in deep trouble," the President said.

#### **'Feature' Notes Detroit's Economic Recovery, G-7 Job Summit**

*OW1403184694 Beijing XINHUA in English 1752 GMT 14 Mar 94*

["Feature": by Wang Nan "U.S. Motown Crackles With Energy"]

[Text] Detroit, Michigan, March 13 (XINHUA)—For Lorrie Carlton, a Detroit resident since her teenage years, the late 1980's was a piece of sad memory for the city and its people.

"At that time, it was the highest in unemployment and the lowest in self-esteem," she said of the America's "motown", whose recent fate is a mix of decline and rebound.

When the leaders of the Group of Seven Nations (G-7) gathered at the sprawling Cobo Center today for the first jobs summit, the city, however, was crackling with the excitement and energy that it hadn't witnessed in a long time.

With the country's auto industry, now more lean, efficient and profitable than 10 years ago, on a steady and forceful way back, Detroit, long a manufacturer's showcase for America, is finding itself on the world map again.

The big three automakers are all headquartered in and near Detroit and are the major employers in the metropolitan area, with total population at four million. They all turned profits in 1993, the first time since the recession.

"The city is going through a fundamental, very deep, and sometimes very painful changes. Now it is in a Renaissance," said Robert Giles, editor of the DETROIT TIMES.

When President Clinton announced last month that Detroit would be the venue for the G-7 jobs summit, he praised Detroit as a city "reaching out to the future in investment and economic growth."

Detroit's turnaround, local people said in recent interviews, came along with the painful restructuring of auto industry and the gradual adaptation to a new world economy characterized with intense global competition.

The city's new mayor Dennis Archer, in his widely supported campaign last year, said that Detroit's "only choice is to face the challenge of global competition head-on, and continually improve ourselves so that we will be competitive in this global economy."

The state of Michigan, where the city of Detroit is the capital, lost some 100,000 jobs out of its 900,000-people workforce in the 1980's in wake of corporate downsizing.

"Jobs have come back into the auto industry and its related suppliers industry, although not at the rate they would have been in the 1960's and 1970's," said Von Logan, the deputy director on finance and management in the Michigan Employment Security Commission.

Unemployment rate, the core subject for the two-day G-7 meeting, was as high as 15.5 percent in Detroit in the whole of 1980's, one of the highest across the nation. It now dropped to eight percent, a little above the national average.

Detroit remains a small town, then a small city until well into this century when Henry Ford put together a group of technical experts to mass-produce cars that provided mass jobs for workers with even minimal skills.

"Detroit's workers are already beyond the no-brain, repetitive tasks that Henry Ford pioneered in the 1920's," said John Lippert, a FREE LABOR PRESS writer. "We're working in teams, learning new skills in space-age factories."

"We're a symbol of hope: we changed. We're tough. We're competitive," he said.

Worker retraining, central issues for the G-7 summit, are being tested in Detroit with praise. "We have a change in the complexion of the workforce," said Ron Dix, manager of Marketing Communications for Detroit Center Tool Inc..

The United Auto Workers (UAW) and the big three automakers have established job training funds to help the workers laid off from auto assembly lines to learn another skill and find a new job. "It's not easy," said UAW's president Owen Beiber.

Called the Labor Market Information On-Line, the city's job service is no longer satisfied with merely providing the insurance benefits of 293 U.S. dollars for a newly dislocated worker for 26 weeks. All the people need now is a computer and a modem and they can have access to the on-line system.

Connecting the heartland of America with Canada, the U.S. largest trading partner, Detroit is now not only a world leader in automobiles and transportation manufacturing, but also moving high gear on the information superhighway.

"Not only do we build cars here, we are also the center of automotive research and development," said John Engler, the governor of Michigan.

Detroit, where a black man invented the traffic light some 100 years ago, "stopped at the red light for too long, and now it goes green," said Bill Kast, chairman of the Michigan International Trade Authority.

The automotive centers located in the city now include those of Chrysler, Ford, General Motors, Honda, Mazda, Hyundai, Nissan, Volkswagen and Saturn. "They help our business to be more efficient and competitive," Governor Engler told reporters who came to cover the G-7 summit.

Many people, on the other hand, are looking at the other side of the city - its rising criminal offenses, more young people out of work too early, and the painful restructuring of local economy that sees no end.

"It's the here and now that matters most to many Detroiters," commented a recent editorial of the METRO TIMES, a weekly local newspapers on the highly publicized jobs summit.

"We should be aware that how fragile this recovery is now," Timothy Leuliette, senior vice president of ITT Corp., said at a seminar on Sunday [13 March]. "Not everyone is taking part in the recovery."

In Detroit, 46.7 percent of the black kids cannot find jobs. Thousands of auto workers are now seeing a decline of their wages.

Others complain that the city's adaptation to a new world "now that Detroit's automotive heyday has passed, we think of it as being as ancient and as hopeless as the Roman Empire. Nothing could be further from the truth," said Jack Lessenberry, a local columnist.

#### **XINHUA Notes Perry on 'Hedge Strategy' Against Russia**

OW1403233394 Beijing XINHUA in English 2254  
GMT 14 Mar 94

[Text] Washington, March 14 (XINHUA)—Secretary of Defense William Perry said today that the United States should have a "hedge strategy" against a scenario when Russia turns militaristic and hostile to the West.

During a speech at the George Washington University, Perry said U.S. policy toward Moscow should be based on the principles of realism and pragmatism.

Terming U.S.-Russian ties as a "pragmatic partnership," Perry said there is "a great variety of morbid symptoms" in Russia when the country is trying to dismantle the controls of the previous system.

He listed the "morbid symptoms" as a deeply divided political system with profoundly disaffected elites; economic uncertainty and social dislocation.

These facts, in the worst circumstances, would lead Russia to "emerge from her turbulence as an authoritarian, militaristic, imperialistic nation, hostile to the west."

"In such a situation, we could indeed see a renewal of some new version of the old Cold War, Russia without the Warsaw pact but still with a formidable nuclear arsenal," Perry said.

In light of the "stark realities," the defense chief said, Washington should try to influence events in Russia to a positive outcome while being prepared to deal with a negative outcome.

He described some of the elements in U.S. defense planning that are not justified by current threats but needed as a "hedge against the possibility of a negative outcome" in Russia:

—While implementing the provisions of the First Strategic Arms Reduction Treaty (START), the United States would hold off reductions stipulated under the second start treaty until "we see comparable reductions being made in Russia."

—The Pentagon would maintain a "minimum essential defense industrial infrastructure" so that it could have the capability to reconstruct "key elements."

—It would maintain a "minimal" production and research and development capability for nuclear weapons, while the Pentagon is reducing the nuclear stockpile.

—The Pentagon would continue building nuclear submarines even though current threat and replacement needs don't justify building new submarines until the year 2000.

On Wednesday, Perry will start a week-long trip to Russia, Ukraine, Kazakhstan and Belarus.

While in Russia, he plans to meet with government as well as leaders of the parliament's military and foreign affairs committees.

#### **UN Chief Recommends More Troops in Bosnia**

OW1503001694 Beijing XINHUA in English 2358  
GMT 14 Mar 94

[Text] United Nations, March 14 (XINHUA)—Secretary-General Butrus has recommended that the UN Protection Force (UNPROFOR) be strengthened considerably in order to demilitarize Sarajevo and keep the peace in central Bosnia.

In a report to the Security Council issued today, he said UNPROFOR needed extra 8,250 troops, 150 military observers and 275 police monitors.

The council, in resolution 900 passed earlier this year, had asked the secretary-general to appoint an official to help restore normal life in Sarajevo, and to report on procedures to extend UN protection to the towns of Maglaj, Mostar and Vitez.

The secretary-general said 2,200 of the extra troops would be needed in and around Sarajevo, 6,050 in central Bosnia, including Mostar and Vitez, and further 1,500 would be needed if the council were to extend the safe-area concept to Maglaj.

He warned that UNPROFOR currently lacked the military resources to achieve its objectives and could lose the initiative in Bosnia and Herzegovina, despite numerous opportunities for progress.

The secretary-general said UNPROFOR's mandate would have to be modified if member states did not provide the necessary personnel.

"It would be a tragedy for the people of Bosnia and Herzegovina if the present opportunity were lost for lack of resources," he concluded.

#### **'News Analysis' Views Russia's Middle East Peace Efforts**

OW1303231094 Beijing XINHUA in English 2200  
GMT 13 Mar 94

["News Analysis" by Gong Zhenxi: "Russia Back to Peace Drive"]



[Text] Tunis, March 13 (XINHUA)—Russia has been making an all-out diplomatic effort in the Middle East since the Hebron massacre, with its envoys frequently touring the region to put forward initiatives for reviving PLO-Israeli peace talks.

The latest tour of Israel and Tunisia made by Russia's Foreign Minister Andrey Kozyrev made it crystal clear that Russia has been back to the Middle East peace drive.

Since peace negotiations were first set in motion in Madrid in October 1991, Russia's role has not been particularly significant as Russia's participation has only been in accordance with formalities.

Now, Russia is not anymore hesitant to take attitudes which are inconsistent with those taken by the United States.

It also stressed that it could take advantage of its traditional influence with Palestinians and some Arab countries to help revive the PLO-Israeli peace negotiations, suspended since the Hebron massacre of at least 30 Palestinian worshippers in Ibrahimi Mosque on February 25.

Russia has declared that it supports the Palestinian demands of providing protection for the Palestinian people in the occupied lands and has proposed that another international conference, along the lines of the Madrid Conference, be held to break the stalemate of the peace talks, though the U.S. and Israel have rejected this proposal.

Kozyrev toured Israel and Tunisia Friday [11 March] for talks with Israeli Prime Minister Yitzhak Rabin and PLO Chairman Yasir 'Arafat on ways of continuing PLO-Israeli negotiations, with emphasis on the draft resolution put to the U.N. Security Council on the Hebron massacre.

After his talks with 'Arafat, Kozyrev said the PLO chairman has signaled willingness to continue negotiating with Israel, while 'Arafat said that the Palestinian leadership expects obvious and explicit guarantees from the co-sponsors of the U.S. and Russia for safeguarding the Palestinian people in the occupied Arab territories as well as Islamic and Christian shrines.

As Kozyrev was having talks with 'Arafat in Tunis, Russia's representative to the U.N. put forward a draft resolution on the Hebron massacre to the Security Council.

Official Palestinian sources said that the U.S. and Israel said they are not satisfied with the provisions of the draft resolution on the Hebron massacre now discussed by the Security Council, but they are ready to accept it should the PLO be committed to continuing PLO-Israeli negotiations.

The sources said that the draft resolution condemns the Hebron massacre, calls for international presence in the

occupied Arab territories and urges the Israeli Government to take further measures to disarm Jewish settlers in the occupied lands.

The resolution also asks the U.S. and Russia to monitor the implementation of the resolution, which is expected to be voted Monday.

Tunis-based Arab diplomatic sources said that Russia's flurry of diplomatic activity in the Middle East can further strengthen the Palestinians' attitude and exert pressure on Israel and the U.S. to help speed up the Middle East peace process.

#### 'News Analysis' Views Iraq's Attempts To Break Oil Embargo

OW1403224294 Beijing XINHUA in English 2004  
GMT 14 Mar 94

[News Analysis] by Zhang Dacheng: "Will Iraq Find Normandy To Break UN Oil Embargo?"—XINHUA headline]

[Text] Baghdad, March 14 (XINHUA)—Defying the United Nations trade sanctions imposed since August 1990, Iraq last week sent its first high-ranking official delegation to Paris on post-sanction oil export and cooperation with major French companies.

Will Baghdad find a Normandy to make a flank breakthrough of the oil embargo?

Observers here noted that Iraq's latest move signaled a new strategy in its anti-sanction drive, namely, to open a flank battlefield outside the U.N. resolutions framework by selling oil profits to certain states in private.

When U.S. President Bill Clinton took office at the White House in January 1993, Iraq changed its early post-Gulf-war policy toward the U.N. which was characterized by passive cooperation and positive resistance, pinning great hope on the new commander-in-chief of the pro-sanction coalition.

However, Iraq turned back to the U.N. again following the U.S. missile attack against Baghdad in June and adopted a new policy of "weapons for oil." As a result, the country in November accepted U.N. Resolution 715 which calls for long-term monitoring of Iraq's weapons industries.

While asserting its full compliance with all relevant U.N. resolutions, in particular Resolution 687, Iraq has been launching a campaign to press for a U.N. commitment to Article 22 by closing the chapter of weapons destruction and monitoring and opening a new one to allow Iraqi oil exports.

The U.N. Special Commission (UNSCOM) charged with the weapons issues, however, answered that there are still doubts about Iraq's weapons-related information and that an observation of the monitoring mechanism was a must for an indefinite period.

In addition, the U.S. and its Western allies tried to attach to the precondition for lifting the sanctions Iraq's recognition of Kuwait's sovereignty and boundary and resolving the issues of the Kurds and Shiite Moslems.

Disappointed at the futility of its sacrifice in the main battle field, Iraq began earlier this year shifting its focus to a flank battlefield in an effort to break the sanctions, which are pushing Iraq to an endless abyss. It resumed oil sales to certain ex-partners.

Observers said that such an action is well based on Iraq's abundant oil reserves and on the contradictions between the anti-Iraq coalition members.

The basic reason for maintaining the sanctions is not Iraq's failure in fully compliance with the U.N. resolutions, but the West countries' failure in compelling Baghdad to guarantee their post-sanction interests in the Gulf region and particularly in Iraq, which possesses the second largest oil reserves in the world.

The United States, which has gained great profits from the oil-rich Gulf states since the 1991 Gulf war, is facing ever-increasing economic conflicts with the West European countries, which are not content with their status quo in the Gulf.

In fact, the U.S., Britain, France, Germany, Russia, Italy, Japan, South Korea and others have never stopped their secret deals with Iraq, each planning to gain great profits from the post-sanction Iraqi oil exports and economic reconstruction.

Choosing France, whose oil imports from Iraq after the sanctions accounted for one-third of its total, as the Normandy for opening the second battlefield, Iraq hoped to lure more to follow and finally disintegrate the pro-sanction coalition.

Iraq's strategy is to take concerted actions in both battlefields.

If it succeeds in the flank battlefield, the U.N. sanctions will collapse automatically, if not, the potential benefit gainers will intercede for an early lifting of the sanctions against Iraq.

On the other hand, Iraq has also enhanced its efforts in the main battlefield.

Iraqi President Saddam Husayn Sunday [13 March] called for an immediate lifting of the sanctions or Iraq will end them on its own. Foreign Ministry Undersecretary Riyadh al-Qaysi is on a mission to Russia, China, France and other members of the Security Council. And Deputy Prime Minister Tariq Aziz is expected to hold Tuesday a new round of talks with UNSCOM chairman Rolf Ekeus on ending the sanctions.

However, the U.S. will not allow an easy flank breakthrough of the sanctions to happen in the near future. It

will coordinate its stance with the West European allies to guarantee their long-term interests in Iraq and the Gulf region at large.

Moreover, Iraq's Gulf neighbors will inevitably stand in the way of an early lifting of the sanctions, not only because the potential threat to their safety has not been eradicated, but also because Iraq's re-entry into the oil market will reduce their profits.

It can be predicted that Iraq still has a difficult way ahead.

## United States & Canada

### Qian Qichen Discusses Sino-U.S. Relations

OW1403121894 Beijing XINHUA in English 1151 GMT 14 Mar 94

[Text] Beijing, March 14 (XINHUA)—Chinese Vice-Premier and Foreign Minister Qian Qichen today expressed the hope that U.S. Secretary of State Warren Christopher's current visit to China will contribute to the enhancement of mutual understanding and the improvement and development of Sino-U.S. relations.

Qian, speaking to Chinese and foreign journalists at the Diaoyutai State Guesthouse, noted that in the past few days, the two sides have had meetings in a "candid, frank and business-like" atmosphere, which totaled more than ten hours.

Qian said that the two sides have agreed that the Sino-U.S. relations should be put in the bilateral as well as in the global context, and that the future and the 21st century should be kept in mind in handling the relations.

The three Sino-U.S. joint communiques constitute the foundation stone for the Sino-U.S. relations, Qian said, adding that both China and the U.S. are big countries with international influence and permanent members of the United Nations Security Council. The two countries have many common interests in global affairs and in maintaining international peace and security, he said.

The two sides also have much in common in their positions on maintaining regional peace and security, said Qian.

Qian said that during the talks the two sides have expressed satisfaction over the rapid progress in the economic and trade sector and believed that there are great potentials and broad prospects for the two countries' economic relations and trade.

The issues of human rights and the most-favored-nation (MFN) status were the major subjects discussed, Qian noted, adding that China is opposed to linking the issue of human rights to MFN.

The question of human rights involves two aspects, Qian said. On the one hand, China and the U.S. have different

concepts on human rights, and this is the reality which will exist for a long time to come.

On the other hand, he said, China and the U.S. adopt different approaches in handling differences.

"We hold that the two sides can conduct dialogue on the issue of human rights on the basis of equality, mutual respect and non-interference in each other's internal affairs," he said.

The Chinese vice-premier stressed that the Chinese side can only do what the Chinese law permits, and it is futile and harmful to apply pressure on China under the pretext of human rights.

### **Discusses Human Rights, MFN Status**

OW1403130894 Beijing XINHUA in English 1237  
GMT 14 Mar 94

[Text] Beijing, March 14 (XINHUA)—Chinese Vice-Premier Qian Qichen said here today that the differences between China and the United States can only be resolved through consultations and negotiations on an equal footing.

Qian, also foreign minister, made the remark while speaking to Chinese and foreign journalists prior to the conclusion of U.S. Secretary of State Warren Christopher's four-day official visit to China.

Responding to a question about the differences between China and the United States, Qian quoted Christopher as saying that he had to implement the U.S. president's executive order and abide by the U.S. laws which link the human rights issue with the most-favored-nation (MFN) status.

"This is understandable," Qian said. However, "as the secretary of state is a lawyer, I told him that he must understand that neither the U.S. president's executive order nor U.S. laws are applicable to China. China has no obligations to implement them," Qian said.

"The differences between China and the United States can only be resolved through consultations and negotiations on an equal footing," he said.

On the MFN issue, Qian said that there are different views even in the United States.

U.S. business circles strongly support the continuation of MFN status to China, Qian said. But there is also opposition to its renewal.

China and the United States have a lot of common interests and they also have differences, he said. It is a fact.

China cannot become the United States, he said. It is impossible to ask China to accept what the U.S. sees as important, even so far as to become the same as the

United States for the sake of developing trade. He said, then there would be no trade in the world at all, Qian said.

He said, "I believe Sino-U.S. trade will continue."

Answering a question about the impact of Christopher's visit on Sino-U.S. relations, Qian described the impact as "crucial."

He said he believed that, judging from the developing tendency of bilateral ties, both sides wish to implement the understanding reached between the heads of state of the two countries in Seattle last November.

"I believe that the U.S. secretary of state's China visit is aimed at resolving problems. The momentum for the development of Sino-U.S. relations will continue, although there are difficulties," Qian concluded.

### **Further on Talks**

OW1403152794 Beijing XINHUA Domestic Service in  
Chinese 1053 GMT 14 Mar 94

[Text] Beijing, 14 Mar (XINHUA)—Qian Qichen, State Council vice premier and foreign minister, held concluding talks with U.S. Secretary of State Warren Christopher for one and a half hours at the Diaoyutai State Guesthouse this morning. Later, Qian Qichen spoke to foreign and domestic reporters and summed up the Sino-American talks and answered reporters' questions.

Qian Qichen said: China and the United States have held talks lasting over 10 hours. The talks were characterized by frankness, sincerity, and realismism [kai cheng bu gong tan shuai qiu shi 7030 6134 1580 0361 0982 3764 3061 1395]. China and the United States unanimously maintained that Sino-American relations are not only bilateral relations but should be put in the global context, and that the future and the 21st century should be kept in mind in handling the relations. The three Sino-American joint communiques constitute the foundation stone for Sino-American relations. China and the United States are two big countries with world influence. They are both permanent members of the UN Security Council and share many common interests in global affairs and in safeguarding international peace and security. In addition, they have much in common in their positions on safeguarding regional peace and stability.

Qian Qichen stressed: During the talks, China and the United States expressed their satisfaction at the speedy progress achieved in the economic and trade sphere, and felt that there are great potential and bright prospects for economic cooperation and trade between the two countries.

Qian Qichen pointed out: The issues of human rights and the most-favored-nation [MFN] status were the major topics of discussion this time. China is opposed to linking the issue of human rights to MFN status. The human rights issue involves two aspects. On the one



hand, China and the United States have different concepts on human rights, and this is the reality which will exist for a long time to come. On the other hand, the two countries adopt different approaches in handling differences. We believe that the two sides can conduct dialogue on the human rights issue on the basis of equality, mutual respect, and noninterference in each other's internal affairs. China can only do what the Chinese law permits, and it is futile and harmful to apply pressure on China under the pretext of human rights.

Speaking on the specific outcome of the talks, Qian Qichen listed the following five points:

1. The two sides have agreed to continue to maintain the momentum of high-level exchanges. Chinese State Councillor Song Jian and Wu Yi, minister of foreign trade and economic cooperation, will go to the United States in April to attend meetings of the Joint Commission of Science and Technology and the Joint Commission of Commerce and Trade, respectively.
2. The U.S. side has reaffirmed its firm support for China's resumption of its status as GATT signatory.
3. The two sides have agreed to resume and develop exchanges between the two militaries, and to set up a joint commission on the conversion of defense industries to civilian use.
4. Out of friendly sentiments for the American people and out of humanitarian considerations, the Chinese side has agreed that the United States will soon send a team to China to conduct on-the-spot investigations into three cases of missing American soldiers during the Vietnam war.
5. The Chinese and the U.S. sides have signed a statement on cooperation in implementing the memorandum of understanding on prison labor products.

Qian Qichen said: "Apart from these, the two sides also have reached agreements in other areas. We hope the secretary of state's current visit will contribute to enhancing mutual understanding and to improving and developing relations between the two countries."

In answering questions on differences between China and the United States on the human rights issue, Qian Qichen pointed out: "The U.S. secretary of state said that he wanted to implement the executive order of the U.S. President and abide by U.S. law, thereby linking the human rights issue with the MFN status issue. This is understandable. The secretary of state is an attorney. I told him that he must know that neither the executive order of the U.S. President nor U.S. law can dictate [guan bu dao 4619 0008 0451] China. China has no obligation [yi wu 5030 0523] to implement them. The differences between China and the United States can only be solved through consultations and talks on an equal footing."

Speaking on the MFN status issue, Qian Qichen said: "The opinions within the United States are also divided.

The U.S. business circles are very supportive of the extension of the MFN status to China. There are people with different opinions. It is true that China and the United States have many common interests as well as differences. China will not become a United States. How can China be asked to accept American ways of doing things [na yi tao 6719 0001 1152] and change itself to resemble the United States for the sake of developing trade? What trade is there to speak of in the world? I believe Sino-American trade will continue."

When a reporter asked a question on the effect of U.S. Secretary of State Christopher's current visit on Sino-American relations, Qian Qichen said: "The secretary of state's current visit is very crucial to Sino-American relations. Judging by the trend of the development of Sino-American relations, I feel that the two sides still have to implement the memorandum of understanding reached between the Chinese and U.S. heads of state at the Seattle meeting last November. I believe the secretary of state came to China to solve problems. Despite difficulties, Sino-American relations will continue to develop."

#### U.S. Spokeswoman Comments on Secretary's Visit

OW1503010394 Beijing XINHUA in English 0052  
GMT 15 Mar 94

[Text] Washington, March 14 (XINHUA)—A spokeswoman of the U.S. State Department said here today the United States seeks a broad relationship with a strong, stable and prosperous China.

Christine Shelly told a news briefing that Secretary of State Warren Christopher held lengthy meetings with Chinese top leaders while he was in Beijing.

During the discussions, the two sides addressed a broad range of bilateral issues including human rights, non-proliferation and trade, she said.

"The secretary presented U.S. views on all of these subjects to the Chinese leaders," Shelly claimed.

"During the meetings in Beijing, some of the differences on human rights issues were narrowed," she said. "However, more work must be done."

"We intend to continue our dialogue and our negotiations with China on the human rights issues," she added.

Shelly denied a report in the Washington post today that the U.S. had softened its trade stand with China and had offered a compromise plan to China on the renewal of the most-favored-nation trade status.

"This inaccurately reflects the substance and the tenor of the secretary's eight hours of discussion with China's leaders over the last three days," the spokeswoman said.

**Liu Huaqing Meets U.S. Undersecretary of Defense**

OW1403133294 Beijing XINHUA in English 1255  
GMT 14 Mar 94

[Text] Beijing, March 14 (XINHUA)—General Liu Huaqing, vice-chairman of China's Central Military Commission, said here today that the Chinese Government and the Chinese Armed Forces, have always attached great importance to Sino-U.S. relations, hoping that the relations between the two countries and two armies will develop healthily on a normal track.

General Liu said this in a meeting this afternoon with U.S. Undersecretary of Defence Frank Wisner, who has been in Beijing since March 11, accompanying U.S. Secretary of State Warren Christopher on an official visit to China.

Extending a warm welcome to Wisner, Liu said that this current visit is helpful to the enhancement of mutual understanding and the improvement and development of relations between the armed forces of the two countries.

General Liu noted that the improvement of Sino-U.S. relations is not only associated with the vital interests of the peoples of the two countries, but also significant to peace and stability in the Asia-Pacific region and the whole world.

Wisner said that the U.S. wants to establish solid and constructive relations between the two countries and their armed forces, adding that these relations will not only benefit the two peoples, but also the peace and stability in the Asia-Pacific region and the world.

This morning, General Chi Haotian, Chinese state councillor and minister of national defence, met with Wisner and his party.

Chi said during the meeting that with the development of Sino-U.S. relations, China is willing to improve the relations between the armed forces of the two countries on the principled basis of mutual respect and benefits.

Chi said that China agreed to enhance bilateral exchanges, contacts and dialogue.

Lieutenant General Xu Huizi, deputy chief of the General Staff of the Chinese People's Liberation Army, took part in these meetings. He also held talks with Wisner, and exchanged views with him on relations between the two armed forces and other issues of common concern.

Yesterday, Lieutenant General Huai Guomo, vice-minister of the Commission of Science, Technology and Industry for National Defence, met with Wisner and his party.

**Editorial Maintains MFN 'Wrong Weapon' To Use**

HK1503054194 Hong Kong SOUTH CHINA  
MORNING POST in English 15 Mar 94 p 16

[Editorial: "Diplomatic Disaster"]

[Text] Warren Christopher's attempt to suggest that China and the United States had managed to narrow their differences over human rights in the final hours of his four-day visit to Beijing is scarcely credible. Congressional supporters of linking the renewal of China's Most Favoured Nation (MFN) trading status to an improvement in its human rights performance status are unlikely to be convinced by the Secretary of State's inane claim that Beijing now understands the U.S. view. The Chinese leaders Mr Christopher met are even less likely to have come away from their talks impressed by U.S. resolve.

The simple truth is that China, with its cynically timed crackdown on dissidents, has called President Bill Clinton's bluff. Short of a change of heart by the Chinese, the ball is clearly in the U.S. court.

Mr Clinton can try to prove he is no paper tiger by revoking China's MFN status. He would then have to accept that he has to live with the economic and electoral fallout. Alternatively, he could argue that U.S. economic interests are more important than human rights in a distant country of which many Americans know very little. That would mean renewing MFN, despite the evidence that China has not met the conditions he set for renewal. Or he could admit that linking trade and human rights was not the best strategy for promoting change in China.

The consequences to America of cancelling MFN should not be underestimated. It would lose an estimated US\$9 billion in export business, with resulting damage to employment and economic recovery. It would also have to sit back and watch while its less-finicky competitors scrambled to take its place in the Chinese market as the two giant nations fought a mutually destructive trade war.

**Greed for Markets**

Beijing long ago mastered the art of playing off export-hungry foreigners against one another. Once America's traditional allies had thumbed their noses at Washington in their greed for new markets, Beijing would have little fear that their behaviour would be any different in future when it came to membership of the General Agreement on Tariffs and Trade, for instance, or support for democracy and human rights in Hong Kong.

Beijing would have scored a political victory in proving the U.S. could not rely on international support for inflicting such arbitrary damage on a developing nation and potential superpower. But these would be pyrrhic victories neither wants nor can easily afford.

MFN, however, is not a privilege the U.S. grants only to China. It is a right enjoyed almost automatically by most other nations. Not even such dictatorships as Iraq or Libya have lost that right, despite other sanctions imposed on them. It is an accident of Cold War history that China, as one of the few still-nominally socialist nations, must be subjected to the annual farce of the MFN renewal debate while worse regimes remain out of the firing line. The original aim of imposing conditions on MFN for communist countries was to ensure they allowed their citizens to emigrate freely. The conditions on China go far beyond that requirement.

#### **Blunderbuss Tactics**

The bitter truth, as the Hong Kong Government and as Hong Kong and American business interests have been telling Mr Clinton since the start of his election campaign two years ago, is that MFN is the wrong weapon. Human rights in China are too important a cause to put at risk by such blunderbuss tactics. These will always be questioned in the U.S. because of their potential to cause harm at home. And they will be questioned by many human rights supporters who see trade and the development of China's economy as essential to eventual political reform.

The MFN tactic also suffers from the weakness that it is a purely American initiative. Because other countries want to trade with China as well as press for human rights improvements, MFN makes it impossible to build an international coalition intent on trying to persuade China to improve human rights.

Since taking office, Mr Clinton and his State Department advisers have begun to learn the lesson that the yearly MFN fiasco is not a good way to deal with China. Indeed, Mr Clinton has learned both economic and political lessons swiftly. But he has not learned how to package them to make them appeal to his Congressional supporters.

Now the President and his advisers have painted themselves into an awkward corner, and are facing a Congress which does not understand the lessons the White House has learned. Yet neither Mr Clinton nor anyone else has worked out how the MFN weapon can be used—if Congress forces that upon him—without committing political suicide. MFN withdrawal will explode in the face of the president who orders it. Some weapon.

#### **Commentary Criticizes U.S. Attitude Toward Human Rights**

HK1403134794 Hong Kong ZHONGGUO TONGXUN  
SHE in Chinese 1005 GMT 14 Mar 94

["Commentary" by Chu Ke (2806 1356): "The United States Must Curb Its Habit of Interfering in the Internal Affairs of Other Countries"]

[Text] Hong Kong, 14 Mar (ZHONGGUO TONGXUN SHE)—When meeting with U.S. Secretary of State

Christopher on 12 March, Foreign Minister Qian Qichen pointed out frankly that, before Christopher visited China, "in disregard of China's laws, a senior U.S. official took actions which interfered in China's internal affairs when visiting China in preparation for the state secretary's visit." It is generally believed that Qian Qichen was referring to Shattuck, U.S. assistant secretary of state for human rights, who openly met with Wei Jingsheng on an official visit to Beijing last month. In China, Wei Jingsheng is a criminal who has been released on parole. It was a transgression of protocol for a U.S. official—in the country on an official visit—to meet privately with a person who, for China, is a criminal.

It was no coincidence that a U.S. official did something which did not respect the law of another country. More recently, when an American youth, Michael Fay, was sentenced to four months' imprisonment and caning by a Singapore court for creating graffiti and accepting stolen property, U.S. President Clinton suggested that Singapore reconsider the sentence.

One typical shortcoming of the U.S. Government is the idea that U.S. law is the law of laws and is universally applicable. If the law of a land differs from or contradicts U.S. law, it is automatically viewed as wrong in some way or not perfect enough, and the United States will even interfere with it.

The same goes for human rights problems. Some people in the U.S. Government seems to think that the United States is a paragon where human rights are concerned and that only American standards of human rights can serve as a guide for the rest of the world. In fact, these people only look at other countries and ignore numerous domestic situations which flout international human rights norms. The situation of the Native American Indians is a case in point. The U.S. Government and American society have been treating the Indians unfairly, yet there have never been any "human rights warriors" in the United States taking any moral actions to address the history and present reality of the systematic annihilation of Indian culture. The U.S. Government doesn't care that prisons in California and Oregon use prisoners as cheap labor and then export these prison products.

In the minds of the Americans, none of the Asian countries have "promoted human rights" in the past. During the era of the bipolar world order, many countries were lashed by the whip of U.S. "human rights" concepts and dared not raise any objections. Today, Asian countries can openly tell the United States that there are regional considerations in human rights, and, moreover, the right to regional development is one of them. This principle was expounded at last year's UN Conference on Human Rights. However, the U.S. Government is still violating this principle all the time and is continuing to interfere in other countries' internal affairs with its own human rights standards. The interference in China's human rights and Singapore's judiciary both



originated from the same psychological background and show that the United States still has a hegemonic mentality.

In fact, with the disappearance of the bipolar international system, a multipolar world order with a diverse political, social, economic, and cultural situation has appeared. This diversified world order values mutual respect and mutual noninterference. If the United States continues to act in a hegemonic style and intervenes in other countries at the slightest excuse, it will, in the near future, find that the regions will react strongly to counter such interventions.

#### **Comparison to Jiang Zemin on Need To Improve Ties**

OW1303090694

Beijing XINHUA Domestic Service in Chinese at 0735 GMT on 13 March carries a report on Jiang Zemin meeting U.S. Secretary of State Warren Christopher.

The Chinese version has been compared to the English version published on pages seven and eight in the 14 March China Daily Report, revealing the following variations:

Page seven, column two, last paragraph, from beginning of item read: ...While meeting with U.S. Secretary of State Warren Christopher this morning at the Great Hall of the People, President Jiang Zemin said that the Sino-U.S. relationship should become better as it not only accords with the common desire of the peoples of the two countries but also meets the needs of world peace and stability... (supplying variant wording);

Page eight, column one, paragraph one, only sentence reads: ...his China visit.

Jiang Zemin said Mr. Christopher has been personally involved in the process of normalizing relations between China and the United States and is familiar with the history of the relationship between the two countries.

Jiang noted that... (supplying additional paragraph)

Page eight, column two, paragraph five, only sentence reads: ...Among those present at the meeting were Chinese Vice Premier and Foreign Minister Qian Qichen; Vice Foreign Minister Tian Zengpei; U.S. Ambassador to China Stapleton Roy; Undersecretary of State Lynn Davis; and Undersecretary of Defense Frank Wiser. (adding additional material.)

### Political & Social

#### Deng To Spend Spring Festival in Hong Kong After 1997

OW1403142694 Beijing XINHUA in English 1405 GMT 14 Mar 94

[Text] Beijing, March 14 (XINHUA)—Deng Xiaoping, China's senior retired leader, takes a walk every day, loves swimming and has a very good appetite, according to his daughter Deng Nan.

"Father is in excellent health. He has a very good appetite and walks three kilometers every day—longer sometimes," said Deng Nan today when she, as vice-minister of the State Science and Technology Commission, was on her way to solicit opinions from deputies to the National People's Congress (NPC) now in session here.

When asked whether her father still likes swimming, Deng Nan said: "Father loves swimming in the sea; he never swims in a swimming pool."

The senior leader is following closely the progress of the ongoing sessions of the NPC and the National Committee of the Chinese People's Political Consultative Conference, according to Deng Nan.

"Father certainly knows what is going on. Every day, he reads newspapers, watches TV, and is very much concerned about domestic and international affairs," the daughter said.

In response to a reporter's concern that Deng Xiaoping seemed thinner when he appeared on TV during the Spring Festival, Deng Nan said: "It's good to be thin. Haven't you heard of the Chinese saying 'a thousand taels of gold cannot buy thinness in one's old age'?"

Asked whether Deng Xiaoping will again spend the Spring Festival in Shanghai, Deng Nan said: "I think he will. He has also said that he will spend a Spring Festival in Hong Kong after 1997."

#### Daughter Says Deng in 'Very Good' Health

OW1403142094 Beijing XINHUA Domestic Service in Chinese 1334 GMT 14 Mar 94

[By reporter Zhu Baihua (2612 4101 2901)]

[Text] Beijing, 14 Mar (XINHUA)—Deng Nan, daughter of Comrade Deng Xiaoping, said today that her father Deng Xiaoping was very concerned about the second sessions of the Eighth National People's Congress [NPC] and the Eighth National Committee of the Chinese People's Political Consultative Conference currently being held in Beijing.

This morning, Deng Nan, in her capacity as vice minister of the State Science and Technology Commission, went to the Jingxi Guesthouse to hear the views of Shanghai

deputies in scientific, technological, cultural, and educational circles during their group discussion of the Government Work Report. On her way to the meeting room, some reporters kept asking her: "Is Comrade Xiaoping well?" Deng Nan said: "My father is in very good health [shen ti hen hao 6500 7555 1771 1170] and has a very good appetite. He walks three km each day, sometimes covering a slightly greater distance."

A reporter asked: "Is Comrade Xiaoping still fond of swimming?" Deng Nan replied: "Father likes to swim in the ocean and has never swum in a swimming pool."

"Is Comrade Xiaoping well-advised of the 'two sessions'?"

"Of course. He reads the newspapers and watches television everyday; he is very concerned about major domestic and international affairs."

A reporter said that Comrade Xiaoping appeared to be thinner on television during his Spring Festival appearance. Deng Nan said: "It is better to be thinner; to be thin in old age is something that cannot be bought with money."

#### Zhu Rongji Discusses Stabilizing Prices

OW1403130594 Beijing XINHUA Domestic Service in Chinese 1252 GMT 12 Mar 94

[By RENMIN RIBAO correspondent Bai Jianfeng (4101 0494 1496) and XINHUA correspondent Zheng Qingdong (6774 1987 2639)]

[Text] Beijing, 12 Mar (XINHUA)—Zhu Rongji, member of the Standing Committee of the CPC Central Committee Political Bureau and vice premier of the State Council, said today: Stabilizing the market and curbing price increases are the key to properly handling the relations between development, reform, and stability [fa zhan gai ge he wen ding 4099 1455 2395 7245 0735 4489 1353]. They are important missions facing governments at various levels. Leading comrades at various levels must be of one mind, must be concerned with the overall situation, and must resolutely restrain [kong zhi 2235 0455] price indices within the prescribed targets for 1994.

Arriving at the Hunan Lounge of the Great Hall of the People this morning as a deputy to the National People's Congress [NPC] from Hunan Province, Zhu Rongji joined all Hunan NPC deputies in a group discussion on Premier Li Peng's "Government Work Report." While earnestly listening to the speeches of more than 10 deputies, he constantly interrupted and exchanged views with them. His cheerful and humorous remarks enlivened the atmosphere of the meeting.

Zhu Rongji fully affirmed Hunan Province's achievements in 1993, particularly its work in eliminating "IOU's" to peasants, in reducing peasants' burdens, and in rectifying "the rush to establish development zones."

Later, he made specific remarks on issues concerning stabilizing the market and prices which are of the greatest interest to the deputies. He stated: Prices began to rise in some localities in China in November 1993, and gradually price increases spread across the country. The party Central Committee and State Council noticed the situation, promptly took effective measures, and stopped prices from rising too rapidly. However, the problem has not been resolved once and for all. Since the beginning of 1994, the broad masses of people have been generally concerned with the tendency that prices have been rising monthly.

Zhu Rongji said: Some people attribute the current price increase to reform measures introduced this year. It is a gross misunderstanding. He pointed out: Inflation, which started before reform measures were introduced and which was an inevitable result of the excessive money supply in circulation in the first half of 1993, has had little to do with this year's reform measures. After reform measures were introduced for more than two months in the beginning of 1994, the national economy has shown an unexpectedly good performance. First, government revenues increased more than 30 percent in the January-February period of 1994 over that of the same period in 1993. Second, the money supply in circulation has been under effective control and has been reduced to a prescribed range in accordance with macroeconomic regulation and control. Presently the reduction of the circulating money supply has been progressing favorably. Seventy percent of the extra money supply provided prior to the Spring Festival has been retracted; the rest is expected to be taken back by the end of March. Third, simultaneous reform in foreign currency transactions has been progressing smoothly. Exchange rates between renminbi and foreign currencies have remained stable, and China's foreign exchange reserve has increased quite considerably. Fourth, the supply of market commodities is extremely abundant, and most commodities are oversupplied. The overall national economy is much better than that of 1993. It shows the results of macroeconomic regulation and control facilitated by the party Central Committee with Comrade Jiang Zemin at the core and the State Council. It also proves this year's reform measures are feasible and very effective.

Zhu Rongji stressed: The major reasons for the currently rising market prices follow: Many departments, localities, and enterprises have been maintaining excessive psychological expectations on growth rates and investment scales, and have misunderstood the meaning of "market economy." They mistakenly thought that under a market economy, the government will totally let go of prices, and enterprises can increase prices at will. Therefore, the main reason for the current unstable market is not an imbalance between supply and demand. As long as we take correct measures, we can curb price increases. Therefore, the party Central Committee and State Council have decided to take the following four measures: First, we will strictly "restrict expansion in two

aspects," including excessively increased investments in fixed assets and overly expanded consumption funds. In 1994 we will not, in principle, introduce new construction projects. All projects which are to begin urgently must be under overall state programs. No bank loans shall be given to any project not listed in overall state programs, including projects which have been broken down into smaller ones from previously larger undertakings. Organs at various levels and various institutions and enterprises shall not indiscriminately increase wages, wantonly issue awards and bonuses, or sell public housing units at low prices. We should facilitate tax revenue reforms and social security systems to resolve uneven income discrepancies among various people and trades. Second, governments at various levels should earnestly and properly handle agricultural and "vegetable basket" projects; should stabilize grain-producing acreage, grain output, and grain storage; and should also ensure the supply of non-staple food for residents. We should regard the work progress in these tasks as the main criteria of evaluating the work performance of leaders at various levels. Third, the government should strengthen macroeconomic regulation and control over market prices. Governments at various levels should conduct a general inspection of commodity prices in the near future; should oppose indiscriminate price increases under the pretext of heavier tax burdens; and should oppose excessive profits and price-fixing under monopolistic practices. We should pay attention to checking prices of means of production which are important and transacted under monopolistic systems, including steel, electricity, coal, oil and chemical fertilizer; prices of consumer goods which concern the national economy and the people's livelihood, including grain and edible oil; and prices of public utilities and services. We must specify that even under a market economy, the state cannot abandon its functions in price management, nor can it refrain from subsidizing public welfare undertakings. The government cannot pass the commitment of giving subsidies, which it should rightly shoulder, in the form of a financial burden to the common people. We should make proper arrangements for people's livelihoods, even at the expense of funding a smaller number of construction projects. Fourth, we should expeditiously take a series of economic measures in the near future to curb price increases. To check price increases on certain commodities which are temporarily in short supply in the market and which contract excessive price increases, we should use the state inventory, increase the supply, and publicize price reduction while supporting enterprises to produce such commodities at full capacity.

Zhu Rongji stated at the end: So long as the entire party comes to a common understanding, helps one another, realistically undertakes actual tasks, and refrains from rhetoric, we definitely have the confidence to stabilize market prices; to properly perform various tasks in 1994; and under the guidance of Comrade Deng Xiaoping's



theory on building socialism with Chinese characteristics, to achieve greater accomplishments in reform and development.

#### **Zhu Rongji Discusses Shortages of Funds for Enterprises**

OW1403145394 Beijing XINHUA in English 1433  
GMT 14 Mar 94

[Text] Beijing, March 14 (XINHUA)—Vice Premier Zhu Rongji said here today that the central authorities will continue to adopt practical measures to help state-owned enterprises overcome their difficulties.

Discussing Premier Li Peng's government work report with deputies from Henan Province, Zhu said major state-owned enterprises' difficulties have resulted from complicated causes.

The reform to transform their operational system has played a role in solving their difficulties; establishment of a modern enterprise system will also improve the competitive environment and operational conditions for state-owned enterprises, he said.

"Don't link the long-existing difficulties of state-owned enterprises with this year's reform measures. At the same time, don't expect to completely do away with historical burdens of state-owned enterprises overnight," he said.

"The party Central Committee and the State Council will continue to adopt practical measures to help enterprises shed their historical burdens," he said.

It is wrong, Zhu said, for some localities to encourage or allow a writeoff of loans for enterprises.

"This is not allowed by either policy or law," he said. "And it won't help those enterprises change their way of operation for the better and behave in accordance with accepted norms."

Zhu attributed the current shortage of operating funds for enterprises to excessive investment in fixed assets rather than to short money supply.

First, capital construction projects beyond state plans have squeezed part of enterprises' operating funds; second, newly completed projects having no operational funds have soaked up part of available funds; and third, unauthorized price hikes have taken a bite, he said.

"Without control of the excessive investment in fixed assets, it is difficult to change the fund-shortage situation," he said.

Banks should and will surely guarantee fund supply for enterprises with good economic returns if no fund misappropriation occurs, he added.

In the final analysis, he said, excessive investment in fixed assets and unauthorized price hikes, especially

price hikes by monopoly industries, are the main causes for fund shortages and a debt chain for enterprises, he said.

#### **Li Peng: Nation Possesses 'Sufficient Grain Reserve'**

OW1503120194 Beijing XINHUA in English 1134  
GMT 15 Mar 94

[Text] Beijing, March 15 (XINHUA)—Chinese Premier Li Peng said today that China has a sufficient grain reserve, but there should not be, in the slightest degree, any relaxation on grain production.

Li Peng made the remark when he joined deputies to the National People's Congress (NPC) in a group discussion on the government work report he delivered March 10.

Talking with NPC deputies respectively from Henan and Heilongjiang Provinces, both leading grain producers in China, the premier said that rural reform in the past 15 years have brought about great changes in the countryside, especially the development of township enterprises.

As a result, many farmer-turned entrepreneurs have emerged, of whom majority are good and trust-worthy. But a small number of them have become degenerate and some even have committed crimes, Li added.

Without being supervised by the party and the masses, some people may easily make major mistakes when they have power and money. This is the case not only among farmer-turned entrepreneurs, but also among party officials, Li Peng said.

Li Peng urged party committees at all levels to protect and help and the masses to supervise the entrepreneurs. The entrepreneurs, at the same time, should enhance their awareness of law.

The premier also discussed with deputies on how to change the way state-owned enterprises operate. When conditions are mature, enterprises groups should be set up to build up the production scale. Efficiency of an enterprise lies in finding markets for its products, the premier added.

In response to deputies' proposals on smooth implementation of new reform measures, Li Peng said that all these measures have undergone careful consideration before they are introduced and they are aimed to create a climate in which all compete on an equal footing.

Of course, the premier said, people should not expect that the measures will effect all their benefits this year as some problems may occur in the process of implementation. The only correct attitude is to be prudent and promptly solve problems when they are discovered.

As for saving energy, Li Peng said continuous efforts should be made to improve energy utility efficiency since energy supply is still a bottleneck for the country.

### Li Peng Attends Hainan, Jilin Group Discussions

OW1403161294 Beijing XINHUA Domestic Service in Chinese 1008 GMT 14 Mar 94

[By reporters He Ping (0149 1627), Pu Liye (5543 4539 2814), and Wu Yilong (1566 1150 7893)]

[Text] Beijing, 14 Mar (XINHUA)—State Council Premier Li Peng this morning joined separate group discussions and solicited opinions from the Hainan and Jilin delegations to the second session of the Eighth National People's Congress [NPC]. He emphasized: Our work in all fields of endeavor must subordinate to and serve the overall interests of seizing the opportunity, deepening reform, opening up wider, promoting development, and maintaining stability, which have a bearing on the work of the whole party and the whole country. We must correctly handle the relations among reform, development, and stability; and must firmly carry out various reform programs. Meanwhile, we must pay attention to discovering problems and promptly solving them to ensure the smooth progress of reform and development.

At the Hainan delegation's group discussion, Ruan Chongwu, provincial party secretary and governor; Huang Baozhang, director of the provincial planning department; Wang Faren, director of the provincial land reclamation bureau; and Du Bilan, director of the State Oceanography Bureau's Ocean Strategy Research Institute; spoke successively. In light of the deliberation of the Government Work Report, the delegates raised proposals to Premier Li Peng on strengthening Hainan's infrastructure, developing its rubber production, and exploiting its marine resources.

Li Peng said: Hainan, as China's largest special economic zone, has made remarkable progress in implementing reform and opening up. The province is one of China's most promising areas. He expressed the hope that Hainan will proceed from its special feature in concentrating efforts on promoting economic construction and achieving breakthroughs in key areas to spur national development. He said: Hainan should further promote the special economic zone's development by making use of its advantages in location and resources to serve as the country's vegetable supply and rice breeding bases and quicken infrastructure development.

The premier emphasized: The special economic zone is a showcase for opening up China to the outside world and for building socialist spiritual civilization. The deeper reform goes and the wider China opens itself up to the outside world, the more necessary it is to build spiritual civilization. We must ensure that the work in both areas is attended to.

At the Jilin delegation's group discussion, the premier first listened to speeches by Jilin City Mayor Zhan Yuechang and Siping City Mayor Zang Shengye. It was almost noon, but deputies still waited for the premier to speak. Li Peng said smilingly: "I have stated all my views in the Government Work Report. It would be better for

me to listen to your views." Then, Geng Zhaojie, Changchun No.1 Automobile Plant director, and Hunchun City Mayor Jin Minxiong spoke on ways for helping large and medium state enterprises tide over difficulties, introducing a share-holding system, and opening border areas.

After listening to the deputies, Li Peng said: Jilin, an old industrial base and a major grain-producing province, has made contributions to the state over the years. Since the implementation of the reform and opening policy, especially since the publication of Comrade Deng Xiaoping's important speeches made during his southern tour, the provincial economy has developed rapidly. He said: "I worked in Jilin for more than a decade. I have feelings for its people and places, and am very happy about the changes that have occurred in the province. I believe that through your continued efforts, Jilin will become more prosperous and more developed with each passing day."

Li Peng said: The theme of the current NPC session is to earnestly implement the 20-character principle [seizing the opportunity, deepening reform, opening up wider, promoting development, and maintaining stability] and to correctly handle the relations among reform, development, and stability. In developing the economy, we should focus attention on improving efficiency. On ways for invigorating state enterprises, he pointed out: The invigoration of state enterprises is a focal point and knotty task in deepening the reform of the economic structure. The key to improving the performance of state enterprises lies in raising their efficiency. This year we must do everything possible to accomplish this task. The government should create a favorable external environment for enterprises to change their operating mechanisms. But, more importantly, enterprises should rely on themselves. They should tap their potential, establish a modern enterprise system, improve the competence of their managers, upgrade technology, strengthen management, and gear their production to market demands. It is hoped that governments at all levels and enterprise managers will seriously study and work out feasible measures to gradually build up state enterprises' ability to compete in the market.

After attending the discussion with deputies from Jilin, Comrade Li Peng paid a courtesy call on the Fujian delegation. He told them: Fujian, a vanguard of reform and opening up, has made progress in recent years. The provincial economy keeps developing and the people's mental outlook has also undergone tremendous changes. We will continue to carry out more successfully the policy of opening up to the outside world. Fujian shall score greater successes in opening up to the outside world.

Noting uneven economic development within Fujian, Li Peng said: The province should make efforts to narrow the gap between fast-growing Xiamen, Fuzhou, and Quanzhou and the backward northwestern and eastern parts in a bid to achieve common prosperity. After localities become prosperous, they should help others



cast off poverty and become well off so as to achieve common prosperity throughout Fujian. It is hoped that Fujian will make further efforts in this regard.

#### **NPC Deputies on Resumption of GATT Membership**

*OW1503095394 Beijing XINHUA in English 0941 GMT 15 Mar 94*

[Text] Beijing, March 15 (XINHUA)—Deputies to China's top legislature said that China has met conditions for the resumption of its membership of the General Agreement on Tariffs and Trade (GATT) and is able to assume responsibilities required of a GATT member.

At the ongoing session of the National People's Congress (NPC) here, deputies also expressed concern over China's most-favored-nation (MFN) trade status with the United States.

Li Hao, vice chairman of the NPC's Financial and Economic Committee, said China has had seven years of arduous talks since it officially applied for the resumption of its GATT membership. China's foreign trade system has undergone profound changes and now complies with basic principles of the GATT, he said.

"Conditions are mature for China to resume its GATT membership," he said.

Said Tsang Hin Chi, vice president of the Chinese General Chamber of Commerce in Hong Kong: "There isn't a single country in the world whose foreign trade system fully complies with GATT requirements. The degree of China's openness has in fact far surpassed that of some GATT members."

"It would be quite unreasonable for GATT and its future substitute to keep China, a big trading nation with a population of 1.2 billion and a fast-developing economy, outside the world trade organization, neither will it be beneficial for world economic growth. Exclusion of China would also pose a problem for GATT as a world trade organization."

Wai Kee Shun, chairman of the New Hong Kong Federation, said that, since China has become the eleventh largest trading country in the world, it is good for China to rejoin GATT.

"But," he said, "China is able to continue developing its economy even if it fails to resume its GATT membership."

Referring to China's MFN trade status with the U.S., many deputies said the U.S. should abandon its practice of interfering in other country's internal affairs by using trade as a weapon.

Canceled Kee Shun said [as received]: "If China's MFN status were canceled, China would not be the only one to

be hurt, the U.S. will suffer more losses, because Sino-U.S. economic and trade relations are highly complementary."

Said Tsang Hin Chi: "MFN is purely a trade issue. The United States' use of MFN as a way to assert political pressure on China will only shed a shadow on bilateral economic and trade relations, and will even affect the expansion of bilateral relations between the two governments. This is obviously in contradiction with the common view reached between U.S. President Bill Clinton and Chinese President Jiang Zemin at the Sino-U.S. summit in Seattle last November."

He said the Chinese Government is right in opposing the U.S. to attach any political conditions to its MFN treatment for China, expressing the hope that the U.S. will solve the problem once and for all by granting China a permanent MFN status.

#### **Finance Minister Submits Draft Budget Law to NPC**

*OW1503084194 Beijing XINHUA in English 0831 GMT 15 Mar 94*

[Text] Beijing, March 15 (XINHUA)—A draft Budget Law of the People's Republic of China was submitted here today to the second session of the eighth National People's Congress [NPC] for deliberation.

Finance Minister Liu Zhongli, entrusted by the State Council, delivered an explanation on the draft law.

"Budget is a major means for the state to administer social and economic affairs and strengthen macro-economic control and its plays an important role in the state political and economic affairs," he said.

Formulation, examination and approval, implementation, readjustment and supervision of budget have had a lot of loopholes for a long time because China has lacked the law governing budgetary management, he said.

The draft budget law consists of 78 articles in 11 chapters. It clearly stipulates that after approval by the People's Congress at the same level, a budget has a binding force and must be implemented. No one shall change the budget without legal procedures and authorization.

The stipulation is aimed at turning round the situation in which arbitrary change of budget and softening the binding force of budget often occur.

The draft law has also legalized formulation, approval, implementation and readjustment of budget and formulation and approval of final state accounts.

According to the draft law, the National People's Congress approves the budget of the central government only and the people's congresses above the county level approve budgets of the local governments at the same level only.



The regulations will help solve contradictions and problems in the existing budgetary examination and approval procedures and increase the responsibility of people's congresses and governments at different levels, Liu said.

Article 27 and 28 in the draft read: the budget of the central government shall not include deficit; the budgets of local governments shall follow the principle of keeping expenditures within limits of revenues and shall not list deficit.

The draft also stipulates that budgets of governments at various levels shall set aside reserves according to a certain ratio of the expenditures of the governments, which will be used to tide over natural catastrophes and other extraordinary special expenditures.

Financial experts here said that it is imperative to enact the budget law to realize administration of financial affairs according to law.

The first draft was submitted for deliberation to the fourth meeting of the eighth October Standing Committee last October and revised according to opinions of the Standing Committee members afterward.

#### **Jiang Zemin, Army Deputies View Work Report**

OW1403115194 Beijing XINHUA Domestic Service in Chinese 0913 GMT 14 Mar 94

[By RENMIN RIBAO reporter Yang Zhenwu (2799 2182 2976) and XINHUA reporter Luo Yuwen (5012 3768 2429)]

[Text] Beijing, 14 Mar (XINHUA)—When deliberating Premier Li Peng's Government Work Report this morning with People's Liberation Army's (PLA) deputies to the Second Session of the Eighth National People's Congress (NPC), Jiang Zemin, general secretary of the CPC Central Committee and chairman of the Central Military Commission, delivered an important speech on strengthening all aspects of army building, in keeping with the new situation characterized by ever-deepening reform, so as to make continuing contributions to promoting the country's reform, development, and stability.

#### **The Entire Army Should Strive To Accommodate the New Situation Characterized by Ever-Deepening Reform**

Jiang Zemin said: This year is crucial for promoting reform, opening up, and modernization. Keeping in mind the need to build a socialist market economic system, we will combine breakthroughs in key areas with package reform and strive for substantial progress in reforming the economic structure. The introduction and implementation of major reform measures set forth by the Third Plenary Session of the 14th CPC Central Committee—including those aimed at reforming the financial, taxation, banking, investment, planning, and foreign trade systems, as well as those designed to establish a modern enterprise system—is a "decisive

battle" in our process of reform and opening up. Our victory in this battle and our establishment of a basic framework for the socialist market economic structure will effectively guarantee sustained, rapid, and healthy development in our national economy and will facilitate the conduct of many affairs.

Jiang Zemin noted: Nationwide, the situation is very good. The ever-deepening reform, however, dictates a readjustment of certain economic relations and some interests, resulting in quite a few new contradictions and problems. We must have a secure and stable social and political environment in which we can deepen reform, open wider to the outside world, and promote development. Our Army comrades must be fully aware of their historical responsibilities and strive to strengthen all aspects of Army building so as to better carry out their sacred mission of safeguarding the motherland's security and unity and of defending the socialist modernization drive.

He said: Over the past few years, the entire Army has withstood the test in the course of reform and opening up and has always maintained a high degree of unified centralism and a high level of agreement with the party Central Committee. The establishment of a socialist market economic structure is a profound socialist transformation, and new circumstances and new problems will surface incessantly. Ideological problems of various types will inevitably arise among cadres and fighters. We should pay attention to improving ideological work among troops, ensuring that such work will be carried out in a meticulous, down-to-earth, lively, and deep-going manner. We should address and solve various ideological and conceptual problems among troops in accordance with Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and with the party's principles and policies. We should provide guidance to everybody concerning the need to consider the fundamental interests of the party and the state; to stress ideals, discipline, unity, and overall interests; to conscientiously subordinate personal interests to general interests; and to consistently maintain the party's basic line so as to make continuing contributions to promoting the country's reform, development, and stability.

#### **All Officers and Men Should Be Further Motivated To Carry Out Their Work**

Jiang Zemin said: Reform, opening up, and modernization are a grand and arduous undertaking which requires an uplifting of the entire national spirit and the mobilization of positive factors in all parts of the country. As the Army goes, it means we should bring into full play the initiative and creativeness of all officers and men so that they will render more meritorious services in Army modernization and make more contributions to the country's prosperity, strength, and long-term stability. The most fundamental task at present is to improve education on Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and his ideas for Army building during the new period, on the

party's basic line, and on the Army's functions and patriotism, so as to further whip up the enthusiasm of officers and men for dedicating themselves to national defense and Army building. We should make our ideological and political education more appealing, relevant, and effective. We should educate officers and men about the need to firmly adopt a correct outlook on life and correct values, always stress the interests of the party and the state, foster lofty ideals, not to seek fame and wealth, work hard, make positive contributions, and devote themselves to Army building and reform.

Jiang Zemin emphatically pointed out: Leading cadres' efforts to forge close ties with the masses, to exercise strict self-discipline, to set a good example, and to foster a good image are very important for harnessing the enthusiasm of all sectors. If officers of a unit identify themselves with rank-and-file soldiers and follow the mass line in everything they do, the unit will have unity, healthy work style, and fighting capacity. Leaders at all levels in the Army should carry forward the fine tradition of forging close ties with the masses, uphold the principle of unity between higher and lower levels and officers and men, truly bear in mind the interests of the masses, and go down to the grass roots to perform concrete work and listen to opinions of the masses, thereby drawing on their wisdom and experiences to further improve the work.

Jiang Zemin also stressed the need to care about the life of officers and men. He said: In recent years, the party Central Committee, the State Council, and the Central Military Commission [CMC], as well as organizations at all levels, have adopted numerous measures to improve military personnel's living standards. Nevertheless, quite a few practical problems do exist in some grass-roots units, especially in units stationed at hardship posts. The CMC and the Army's headquarters have attached great importance to and adopted a number of measures to solve the problems. Organizations at all levels should also explore ways for improving military personnel's living standards, especially through encouraging Army units to engage in agricultural and sideline production. In improving military personnel's material and cultural life, we should allow rank-and-file soldiers at grass roots to take precedence over officers of leading organs. We should first improve the life of soldiers at grass roots and then officers of leading organs. This should be a standard requirement and customary practice, and should be passed on to the future generations.

#### **Continually Raise the Army's Level of Building Spiritual Civilization to a New Height**

Jiang Zemin said: Promoting socialist spiritual civilization while striving to build socialist material civilization is Comrade Xiaoping's consistent thought, as well as the party's important guideline for the modernization drive. We should unswervingly implement this principle at all times. Reform, opening up, and the development of a socialist market economy have exerted a positive influence on the people's ideology and morality. This is

primary. However, we should never ignore the negative influence. The deeper the reform goes, the wider the country is open to the outside world, and the further our material civilization develops, the more necessary it is for us to promote the building of spiritual civilization. The PLA should be the vanguard of society in building spiritual civilization. As far as this issue is concerned, the Army has scored remarkable achievements and has presented a large number of advanced models in theoretical study, ideological and moral construction, and work related to science, culture, education, literature, and art. For example, Xu Honggang, who risked his life to save people in difficulty and who showed no fear in the hour of danger, epitomizes the mental outlook of a people's soldier and the fine tradition of the party and the Army. His heroic deeds have aroused strong repercussions throughout the Army and society. They show that our society can produce and needs heroes like Xu Honggang. If each and every member of society can behave like him, the general conduct of society will keep improving and the cohesive power of our nation and society will become stronger and stronger. We must further deepen the campaigns to emulate Lei Feng, Su Ning, Xu Honggang, and other heroes and models to develop revolutionary spirit, foster healthy social mores, and promote the building of socialist spiritual civilization.

Jiang Zemin stressed: To improve spiritual civilization in the Army, the most important thing to do is to improve officers and men ideologically and morally. In view of the new circumstances and new problems that have arisen among officers and men with regard to their outlook on life, values, and moral concepts in the new situation, we should conduct various forms of education to guide cadres and officers about the need to always bear in mind our Army's goal of serving the people wholeheartedly; to strengthen their ideals and convictions in building socialism with Chinese characteristics; to promote the "five types of revolutionary spirit" initiated by Comrade Xiaoping; to measure their speeches and actions against such ideological and moral standards as self-sacrifice, selflessness, the practice of placing others' interests above one's own, and hard work; to conscientiously resist the influence of mammonism, ultra-egoism, and decadent ways of life so as to become practitioners and preachers of new socialist morals and customs.

#### **We Should Always Pay Attention to Army Building at the Grass-Roots Level**

Jiang Zemin said: In recent years, the entire Army has conscientiously implemented the guidelines of the CMC's directives and made great efforts to strengthen Army building at the grass-roots level, achieving great success in this respect. The Army's basic work begins with the grass-roots level. Leading organs at all levels should further rectify the guiding ideology of their work, always take the grass-roots level as the point of departure and basis for their work, and make unremitting efforts to strengthen the Army's foundations. Toward the end of



last year, the CMC promulgated anew the "Program for Army Building at the Grass-Roots Level." This was a major step taken by the CMC to implement Comrade Xiaoping's ideas for Army building during the new period and to strengthen all aspects of Army building at the grass-roots level. All units must implement the program effectively to promote overall progress in Army building at the grass-roots level. We should take the buildup of party branches as a crucial aspect of the effort to strengthen Army building at the grass-roots level. The Army has rich and excellent traditions of strengthening party building at the grass-roots level, and it is relatively well-organized; therefore, it should be able to achieve even better results in the new situation.

Jiang Zemin said emphatically: The Army is a highly centralized and unified armed group, which must be trained and managed strictly. An environment of long-term peace, coupled with the Army's ever-changing membership, can easily lead to lax management. This underscores an even greater need for setting strict demands for troops and for managing and training troops in accordance with relevant regulations so as to ensure the strict enforcement of orders and prohibitions. Strict administration, however, does not amount to doing things in an oversimplified and crude manner. Our Army has the fine tradition of promoting unity among officers and men, which reflects the Army's character and goal; we should closely follow and widely promote this tradition in the new situation. Authorities at all levels should explore the distinctive features and patterns of commanding troops in the new period so as to constantly improve the level of troop management.

In closing, Jiang Zemin said: We should further improve unity between the Army and the government and between the Army and the people. Chairman Mao once said: "If the Army and the people are united as one, who in the world can match them?" We have always done a good job in this respect. In the new situation, we should all the more consolidate and expand the Army's relations with the government and the people. Local governments at all levels should show concern and support for national defense and Army building. The Army should support the government, cherish the people, and take an active part in and assist national economic construction. Troops stationed in impoverished regions, in particular, should do their utmost to help the poor and make positive contributions to national development and people's prosperity.

Liu Huaqing, chief of the PLA delegation, chaired today's plenary session. Zhang Zhen attended the session, along with Army-affiliated NPC deputies Chi Haotian, Zhang Wannian, Yu Yongbo, and Fu Quanyou. During the meeting, Deputies Xing Shizhong, Li Yuanzheng, Yang Huaqing, and Li Yunsheng spoke on national defense modernization.

### Zhang Wannian, Yu Yongbo, Fu Quanyou Discuss Work Report

OW1503010894 Beijing XINHUA Domestic Service in Chinese 1325 GMT 13 Mar 94

[By RENMIN RIBAO reporter Bai Jianfeng (4101 0494 1496) and XINHUA reporter Luo Yuwen (5012 3768 2429)]

[Text] Beijing, 13 Mar (XINHUA)—People's Liberation Army [PLA] deputies today continued to hold group discussions on the government work report. Deputies Zhang Wannian, Yu Yongbo, and Fu Quanyou separately took the floor. They stressed: All comrades of the Army must further study Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics and must make efforts to successfully carry out the Army's military, political, and logistic work and to achieve new development in reforming and building the Army in line with the general requirement—"political qualification, perfect mastery of military skills, high discipline, excellent work style, and effective logistic support"—raised by Central Military Commission [CMC] Chairman Jiang Zemin, and under the guidance of Mao Zedong's military concept and Deng Xiaoping's concept of army-building in the new period.

Deputy Zhang Wannian, chief of general staff of the PLA, said: Premier Li Peng's "Government Work Report" sets a very high premium on army-building. Our armed forces must continuously enhance their consciousness of danger, national defense, and modern warfare; they must keep a clear head at all times; they must conscientiously prepare for danger in times of peace; and they must always be alert. Army units must intensify study and training; they must work hard to enhance their modern warfare capabilities; they must vigorously train and bring on a new type of military personnel able to meet the needs of and take command in modern warfare; they must further strengthen control of Army units; they must make efforts to explore ways to lead troops under the new situation; and they must pay attention to studying the new situation and solving new problems so as to maintain a high degree of centralism, unity, and stability in Army units.

Deputy Yu Yongbo, director of the General Political Department of the PLA, said: We must actively respond to the call issued by General Secretary Jiang Zemin, take a clear stand in following the correct guidance of the media, and vigorously strengthen the building of spiritual civilization in the Army. He elaborated on how to follow the correct guidance of the media. He stressed that efforts must be made this year to successfully require Army units and especially cadres at and above regimental level to study Volume 3 of the *Selected Works of Deng Xiaoping*, to energetically encourage standing up for what is right, and to carry on widespread propaganda for examples of advanced collectives and individuals that meet the needs of and reflect the spirit of our times. He said: We must treat the campaign to study Comrade



Xu Honggang's activities as the turning point; we must energetically publicize and advocate the five types of revolutionary spirit initiated by Comrade Deng Xiaoping and the 64-character pioneering spirit initiated by General Secretary Jiang Zemin; we must carry forward the fine traditions of our party and Army; and we must vigorously foster and publicize more examples of advanced collectives and individuals that typify our times to enable good standards of conduct—taking the interests of the whole into consideration, practicing plain living and waging hard struggle, strictly observing discipline, blazing new trails and forging ahead, and dedicating oneself selflessly—to take further shape throughout the Army.

Deputy Fu Quanyou, director of the General Logistics Department of the PLA, said: The development of a socialist market economy will inevitably cause a series of new problems to for Army logistic work and for economic work in the military field. Challenges and opportunities exist at the same time, and so do difficulties and hopes. It requires us to try to adapt ourselves to the development of a socialist market economy, to conscientiously "converge [jie gui 2234 6510]" with the market economy, and to conduct our various logistical operations in compliance with the dual requirements of the "battlefield" and the "market." We must intensify reform of logistical work, produce results from reform, and provide effective logistical support. To successfully carry out reform, we must further emancipate our minds and change our concepts. We must intensify study and continuously enhance our ability to keep the progress of reform well in hand. We must further carry forward fine traditions and arduously persist in pioneering undertakings. As the current material conditions for reform of the Army's logistics are not very good, we must practice plain living, wage hard struggle, and press forward despite difficulties. The main tasks for reform of the Army's logistics for a certain period of time to come are: Reforming the logistic support system to enable it to pay equal attention to both military and civilian production and to integrate the logistic support operations for war-time with that for peacetime; reforming the acquisition and stockpile of military material to guarantee that the needs of army-building are met; reforming logistic management and improving military efficiency; reforming military production and management to better subsidizing army units in terms of supplies; and reforming the supply standards and methods to better meet the needs of Army units for their combat readiness, training, and subsistence.

#### **Qian Qichen Discusses Hong Kong Issue**

*OW1503040094 Beijing XINHUA Domestic Service in Chinese 1445 GMT 14 Mar 94*

[By reporters Li Nanling (2621 0589 3781) and Zhang Yijun (1728 4135 0193)]

[Text] Beijing, 14 Mar (XINHUA)—Qian Qichen, vice premier of the State Council and chairman of the Preliminary Work Committee of the Preparatory Committee of the Hong Kong Special Administrative Region, hosted a banquet in the Diaoyutai state guesthouse today for National People's Congress [NPC] deputies and members of the Chinese People's Political Consultative Conference [CPPCC] National Committee from Hong Kong and Macao, who are in Beijing attending the ongoing NPC and CPPCC sessions. During the banquet he said the principle of "one country, two systems" will surely bear fruit in Hong Kong; all the targets set by the Hong Kong Basic Law will be realized; and Hong Kong will become more prosperous after 1997.

Qian Qichen said it was a great pleasure for him to have the opportunity to get together with NPC deputies and CPPCC members from Hong Kong and Macao. He said: Over last several days, you have displayed patriotic enthusiasm and glowingly expressed your views in discussing state affairs, despite travel fatigue. In particular, you have put forward very good opinions and suggestions on the Hong Kong question. We attach great importance to those opinions and suggestions. On behalf of Premier Li Peng and the State Council, I would like to take this opportunity to express my thanks and respects to you. At the same time, I wish the NPC and CPPCC sessions complete success.

He said: The NPC and CPPCC sessions this year are being held in an harmonious atmosphere in which China has made great achievements in reform, opening up, and modernization; and enjoys steady economic development and social stability, and the public is reassured. They are being held at a crucial moment when our country is in an unprecedented period of development and economic restructuring has entered a new stage characterized by overall progress and breakthroughs in selected fields. Under such a situation, NPC deputies and CPPCC members present at the two sessions are taking the 20-character principle—the principle of seizing opportunity, deepening reform, opening up wider, promoting development, and maintaining stability—as a basis in studying problems emerging during the course of advance, and discussing major policies and strategies for reform and economic construction. I believe the NPC and CPPCC sessions this year will certainly yield a positive and far-reaching impact on China's reform and modernization drive.

Qian Qichen said: On the eve of the current Second Session of the Eighth NPC, the British Hong Kong authorities tabled the remaining parts of Chris Patten's "political reform bill" to the Hong Kong Legislative Council [LEGCO] for discussion. This is another unilateral act to sabotage Sino-British cooperation by the British side after LEGCO passed Chris Patten's partial political reform bill, and the British side first publicized the contents of Sino-British talks on Hong Kong's political structure in a White Book. Though the British side talked loudly about cooperation with China, its acts and

deeds on the Hong Kong issue in recent years have shown the very opposite. We cannot hold any illusion on this issue any longer.

He said: Before the Sino-British talks began, we made some predictions. In New York in October 1993, I said to British Foreign Secretary Hurd that there were only two possible outcomes of the Sino-British talks—one, an agreement would be reached during the talks and the political structure elected in the 1994-1995 elections would be extended beyond 1997; and the other was that no agreement would be reached and the political structure unilaterally elected by the British Hong Kong authorities would remain valid up to 30 June 1997 only. We are now going to join the Hong Kong compatriots who love the motherland and Hong Kong, and rely on our own efforts to ensure the smooth transition of power and long-term prosperity of Hong Kong. Mr. Deng Xiaoping said as early as 10 years ago: "We must believe the Hong Kong Chinese have the ability to administer Hong Kong well. Any disbelief in their ability is a remnant mentality of old colonialism." China today is not what it was in the 1840's. The day when Chinese people were subordinated to the oppression and humiliation of foreign colonists has gone forever. The elaboration on the Hong Kong issue in Premier Li Peng's Government Work Report is the solemn declaration of the firm stand of the Chinese Government and people.

Qian Qichen said: The Chinese Government has the determination, confidence, and ability to realize the smooth transfer of sovereignty over Hong Kong, and to maintain the stability and prosperity of Hong Kong because "Hong Kong's prosperity in the past was created by Hong Kong people mainly consisting of Chinese" and "Hong Kong people can administer Hong Kong well." At the same time, the determination and confidence rest with "our policy which precedes from the reality of Hong Kong, and with the fact that the mainland's reform and opening up policies are producing a positive influence on Hong Kong's economic development." I firmly believe that, with the backing of our great motherland and the concerted efforts made by the vast number of Hong Kong compatriots, the principle of "one country, two systems" will surely bear fruit in Hong Kong, all the targets set by the Hong Kong Basic Law will be realized, and Hong Kong will become more prosperous after 1997.

In conclusion, Qian Qichen said: As the day of the return of Hong Kong and Macao to the motherland draws nearer and nearer, a new epoch full of brightness and hope will arrive soon and the responsibility on our shoulders is becoming even more important and glorious. I cordially hope you will continue to carry forward the fine traditions of "loving the motherland, Hong Kong, and Macao" and use your experience, wisdom, and influence to make new, greater contributions during the crucial stage of the return of Hong Kong and Macao to the motherland.

### Qian: 'One Country, Two Systems' To Bear Fruit in Hong Kong

OW1403153894 Beijing XINHUA in English 1457  
GMT 14 Mar 94

[Text] Beijing, March 14 (XINHUA)—Chinese Vice-Premier Qian Qichen said here today that the principle of "one country, two systems" will surely bear fruit in Hong Kong, all the targets set by the basic law will be realized and Hong Kong will become more prosperous after 1997.

Qian, also chairman of the Preliminary Work Committee of the Preparatory Committee of the Hong Kong Special Administrative Region, made the remark at a reception in honor of Hong Kong and Macao deputies to the National People's Congress (NPC) and members of the National Committee of the Chinese People's Political Consultative Conference (CPPCC) at the Diaoyutai State Guesthouse this evening.

He said that the Chinese Government has the determination, confidence and ability to realize smooth transfer of the sovereignty over Hong Kong and maintain the stability and prosperity of Hong Kong because "Hong Kong's prosperity in the past was created by Hong Kong people mainly consisting of Chinese" and "Hong Kong people can administer Hong Kong well."

At the same time, the determination and confidence rest with that "our policy precedes from the reality of Hong Kong, and with the fact that the mainland's reform and opening up policies are producing positive influence on Hong Kong's economic development," he said.

He said that on the eve of the opening of the current NPC session, the British Hong Kong authorities tabled to the Hong Kong Legislative Council (Legco) the remaining parts of Chris Patten's "political reform bill" for discussion. This is another unilateral act to sabotage Sino-British cooperation by the British side after the Legco passed Chris Patten's partial political reform bill and the British side first publicized the content of Sino-British talks on Hong Kong's political structure in a White Book.

Qian said though the British side talked loudly about cooperation with China, the acts and deeds of the British Government on the Hong Kong issue have shown the very opposite.

"We cannot hold any illusion on this issue any longer," he said.

He said that China today is no longer what it was in the 1840's. "The day when Chinese people were subordinated to the oppression and humiliation of foreign colonists has gone forever."

He said that the elaboration on the Hong Kong issue in Premier Li Peng's Government Work Report is the solemn declaration of this firm stand of the Chinese Government and people.

"Now, we are going to join the Hong Kong compatriots who love the motherland and Hong Kong and rely on our own efforts to ensure the smooth transition of power and long-term prosperity of Hong Kong," he said.

### CPPCC Holds Second Plenary Meeting

OW1503035994 Beijing XINHUA in English 0339  
GMT 15 Mar 94

[Text] Beijing, March 15 (XINHUA)—The Second Session of the Eighth National Committee of the Chinese People's Political Consultative Conference (CPPCC) held its second plenary meeting here today.

Nearly 2,000 members of the CPPCC National Committee listened to a report on proposals handling, and six members spoke at the meeting.

Today's executive chairmen were Hong Xuezhi, Dong Yinchu and Ma Man-kei. Some senior officials of the Communist Party of China (CPC) and State Council attended the meeting.

Zhou Shaozheng, director of the subcommittee for handling proposals, reported its proposals handling work since the first session last spring.

He said that CPPCC members, democratic parties and people's organizations have raised 1,981 proposals since the first session and 99 percent of them have been handled.

Through raising proposals, CPPCC members, democratic parties and people's organizations have performed the function of political consultation and democratic supervision and played an active role in the implementation of the principles of the 14th CPC National Congress, promoting economic and social development, consolidating the political situation of unity and stability.

Wan Guoquan, vice-chairman of the Central Committee of the China Democratic National Construction Association, proposed that deepening reform of state-owned enterprises should start from clarifying who represents state assets, restructuring the management of state assets and defining the ownership of state enterprises' property rights.

Fang Jiade, vice-chairman of the All-China Federation of Trade Unions, proposed relying on the working class wholeheartedly in the establishment of a modern enterprise system.

"The board of directors, the supervisory board and the assembly of share-holders should consist of a certain number of representatives of workers," he said.

Guo Guoqing, a professor of the People's University of China and two other members, raised proposals on bringing into full play the role of special supervisors, inspectors, auditors and educational inspectors and other discipline enforcement workers.

Li Hongchang, vice-chairman of the All-China Federation of Industry and Commerce, suggested that a law governing chambers of commerce be enacted.

Gu Shengzu and Wang Chuanlun spoke on the need to guide the massive movement of rural labor and the ongoing anti-corruption drive.

Ye Xuanping and 11 other vice-chairmen of the CPPCC National Committee were present at today's meeting.

### CPPCC Members Discuss Role in Governance

OW1503121094 Beijing XINHUA Domestic Service in Chinese 0259 GMT 14 Mar 94

[Commentary by XINHUA reporter Zou Anguo (6760 1947 0948): "Get To the Heart of Matters When Participating in the Administration and Discussion of State Affairs—Notes on Coverage of the Second Session of the Eighth National Committee of the Chinese People's Political Consultative Conference"]

[Text] Beijing, 14 Mar (XINHUA)—Participating in the administration and discussion of state affairs is a fine tradition of the Chinese People's Political Consultative Conference [CPPCC], as well as an important criterion for assessing the CPPCC's work.

During this reporter's coverage of the Second Session of the Eighth National CPPCC Committee, the most intensely discussed topic among CPPCC members was participation in the administration and discussion of state affairs. The progression from political consultation to democratic supervision to participation in the administration and discussion of state affairs is unquestionably a new leap in the work of people's political consultation.

At 49 discussion venues in seven guesthouses and hotels in the capital city, CPPCC members, citing a multitude of facts, proved the creative work carried out in people's political consultation over the past year, which had resulted in a higher and new level of participation in the administration and discussion of state affairs by CPPCC members. At the secretariat of the session, the reporter leafed through special investigative reports, all of which embodied the painstaking work carried out by CPPCC members.

Members of the Economy Committee under the National CPPCC Committee, when discussing their work over the past year, noted: In participating in the administration and discussion of state affairs, CPPCC members should adopt proper viewpoints and correct topics. Since its formation a year ago, the Economy Committee has carried out work in light of some important problems in current economic construction and in reform of the economic structure, producing six special-topic reports which attracted the attention and favorable comments of the party Central Committee, the State Council, and relevant central departments.



"Several Proposals for Tightening Macroeconomic Regulation and Control and for Reining in Inflation," made by the Economy Committee last June to deal with problems in the national economy, maintained: Inflation is now in evidence in our country. Central policy-making organs should form clear judgments and adopt forceful measures. The proposals suggested: To rein in inflation, we must restore banking order and strictly enforce fiscal discipline. Only by doing so can we stop the runaway investments in fixed assets and thoroughly dampen the property boom, the craze in building development zones, and the stock market boom. The proposals emphasized: A fundamental solution to economic problems is to allow the market to play a primary role in deploying resources through reform. Moreover, the government must establish an effective system of macroeconomic regulation and control and introduce greater changes to the banking, financial, taxation, and investment systems.

After perusal by Li Ruihuan, chairman of the National CPPCC Committee, the proposals were forwarded to the CPC Central Committee's Political Bureau Standing Committee for review, attracting close attention from central leading comrades and relevant departments. Copies of the proposals were printed and distributed to vice premiers and state councilors after central leading comrades had provided written comments on them. They were also forwarded to comrades in charge of the State Planning Commission, the State Economic and Trade Commission, the State Economic Restructuring Commission, the Finance Ministry, and the People's Bank of China for careful study. The relevant departments concurred with the National CPPCC Committee's proposals, saying that they correctly analyzed and judged the current economic situation. Many of the views outlined in the proposals were incorporated into documents issued shortly thereafter by the CPC Central Committee and the State Council on tightening macroeconomic regulation and control and on reining in inflation.

General Secretary Jiang Zemin, during an informal discussion with non-CPC people last June, specifically talked about the proposals. He said: "The National CPPCC Committee, various democratic parties, and people with no party affiliation are very concerned about the current economic situation and have offered many valuable opinions and useful suggestions for reform, opening up, and economic construction. The party Central Committee and the State Council highly value these opinions and suggestions, have forwarded them to relevant departments for study, and are assimilating and adopting them in their work."

Members of the Economy Committee under the National CPPCC Committee, in reviewing work related to people's consultation over the past year, said of their profound understanding: To allow people's consultation to play a genuine role, we should show concern for major state affairs, keep overall interests in mind, adopt proper viewpoints and correct topics in light of our own special conditions, and build on our advantages. Members who

took part in the Economy Committee's investigations said that the reason their proposals were valued and adopted by the CPC Central Committee and the State Council was because they drew on the collective wisdom of members and offered sound opinions and suggestions for solving the most pressing problems in the current stage of national economic development.

Almost all members of the 15 committees under the National CPPCC Committee shared the feelings of their counterparts on the Economy Committee. Members of the Women and Youth Committee, in discussing last year's special investigations, maintained: The establishment of a sound socialist market economic structure will surely lead to greatly expanded services for women, youth, and children, as well as some new circumstances and problems. The focus of the Women and Youth Committee's work in the period ahead is to conduct investigations and study with regard to certain salient problems and to offer feasible countermeasures and proposals.

Last November, members of the Women and Youth Committee conducted investigations in Guangdong and Fujian to ascertain the conditions of female and young workers in "partly or wholly foreign-owned" enterprises in open coastal areas. During their investigations, the members were given to understand that some "partly or wholly foreign-owned" enterprises did not pay due attention to the rights and interests of their workers and staff members; that there were some problems regarding the employment of workers, work hours, and the protection of workers and staff members' dignity; and that some of those problems were quite serious. To this end, the members made four proposals for protecting the legitimate rights and interests of workers and staff members in "partly or wholly foreign-owned" enterprises, compiling them into a special-topic investigative report.

The report drew the attention of leading comrades at the State Council and was very well received by leading party and government departments in coastal areas who thought that the Women and Youth Committee had addressed a currently important problem demanding prompt solution.

Mindful of the widening gap in the levels of development between minority regions and developed coastal areas, the yet-to-be-solved problem of poverty in some areas, and the host of new problems in the course of building a socialist market economy, the Nationalities Committee under the National CPPCC Committee sent two investigative teams last August to Sichuan and Guizhou to investigate issues pertaining to poverty relief efforts and economic development, producing three investigative reports that served as very useful references. After reading the reports, State Councilor Luo Gan convened a special meeting of comrades in charge of relevant departments to hear briefings by comrades on the investigative teams. Luo Gan fully affirmed their investigative work, suggesting that the Nationalities Committee's proposals be incorporated into the report being drafted

by the State Nationalities Affairs Commission on behalf of the central authorities. Comrades from the the CPC Central Committee's United Front Work Department and Policy Research Office, after reading the reports, said that the reports were of great value and that they were studying the problems reflected in the reports.

When discussing their understanding during the session, CPPCC members who had conducted the investigations focused on this topic: One of the important things to do in participating in the administration and discussion of state affairs is to conduct special investigations and study, which should be in-depth, oriented toward practical results, and designed to aid practical work.

According to statistics compiled by the National CPPCC Committee's General Office, the various special committees under the National CPPCC Committee have, over the past year, conducted special investigations and study on some important issues concerning the two civilizations and united front work, producing 24 investigative reports. The views outlined in many of those reports have attracted the attention of the CPC Central Committee, the State Council, and the departments and localities concerned, and quite a few opinions have been adopted.

It has become the keynote of the new term of the National CPPCC Committee to guide participation in the administration and discussion of state affairs by promoting awareness about reform and opening up, and to encourage such participation by harnessing the CPPCC's unique characteristics and advantages so as to adapt participation in the administration and discussion of state affairs at high levels to the need for establishing a socialist market economic structure. During the current session, CPPCC members noted: From now on, we will participate in the administration and discussion of state affairs while bearing in mind the central task of the party and the state; improve practical results; harness the advantages of the CPPCC's intellectual pool, information sources, and broad channels at both higher and lower levels, so as to actively promote socialist modernization.

#### CPPCC Leaders Comment on Enlivening State Firms

OW1503060594 Beijing Central People's Radio  
Network in Mandarin 1100 GMT 11 Mar 94

["Excerpts" of a recorded news conference given by leading CPPCC members for domestic and foreign correspondents at the International Hotel in Beijing on 11 March;—from an ad hoc "Special Program on the NPC-CPPCC Sessions"]

[Text] Listeners, the Press Center of the National People's Congress [NPC] and the Chinese People's Political Consultative Conference [CPPCC] hosted a news conference for Chinese and foreign correspondents at the International Hotel at 1500 [0600 GMT] today on the subject of establishing a modern enterprise system and

enhancing the vitality of state-owned large and medium enterprises. It invited Standing Committee members of the CPPCC National Committee, Wan Guoquan and Li Gang, and National Committee members Yan Ruifen, Zhao Changbai, Zhang Junsheng, and Wang Jie to answer questions. We now broadcast excerpts of the recorded news conference.

[Begin recording] [unidentified moderator] Ladies, gentlemen, and friends, the NPC-CPPCC Press Center is hosting a news conference for Chinese and foreign correspondents here this afternoon on the themes of establishing a modern enterprise system and improving state-owned large and medium-sized enterprises. We are honored to have been successful in inviting six Standing Committee members and members of the CPPCC National Committee here today. Please allow me to introduce them to you, they are: Wan Guoquan, Standing Committee member of the CPPCC National Committee and vice chairman of the Central Committee of the China Democratic National Construction Association; Li Gang, Standing Committee member of the CPPCC National Committee, vice chairman of the Economy Committee of the CPPCC National Committee, and adviser to the China National Automotive Industry Corporation; Yan Ruifen, member of the CPPCC National Committee and general manager of Guangdong China Guanglian Enterprise Company Limited; Zhao Changbai, member of the CPPCC National Committee and vice-chairman of the Board of Directors of Shoudu Iron and Steel Corporation; Zhang Junsheng, member of the CPPCC National Committee and board chairman of (Hehe Meiling) Company Limited; and Wang Jie, member of the CPPCC National Committee and professor of the Economics Department of the CPC Central Party School. We now invite questions.

[Ye] I am Ye from the (?SHANG YE JIN RONG BAO) [?COMMERCIAL AND FINANCIAL JOURNAL]; my question is: Quite a number of shareholding enterprises have claimed that their switch to shareholding status means they have already changed their operating mechanisms and see no need to change them again under the current call. What do you think?

[Moderator] We would like to invite Committee Member Li Gang to answer this question.

[Li] Thank you. This is a very meaningful question. There are quite a number of factors that currently make large and medium state-owned enterprises unable to enliven themselves. One of these is shortage of funds. However, we feel the most fundamental reason for the poor performance of large and medium state-owned enterprises is one of mechanism and system. Although capital may be injected through share issues, in the final analysis, the success or failure of enterprises depends on whether or not we can enliven our system.

[(Li Ruisheng)] I am a reporter from RENMIN RIBAO, my name is (Li Ruisheng). I would like to direct my



question to board chairman Zhang Junsheng of the (Meiling) Company. [words indistinct]

[Zhang] To a developing nation like China, I think admission to the GATT will have far-reaching impacts; in the meantime, however, it will play a big role in pushing China's economic development. To we Chinese enterprises, admission to GATT presents both a challenge and an opportunity. As far as our company is concerned, our (Meiling) refrigerators are well prepared to compete with refrigerators produced by any country on an open, just, and fair basis. We are confident we will get our deserved market share.

[[Chen Yunping]] I am (Chen Yunping) from the Central Television Network. I would like to direct my question to Zhang Junsheng. It is argued that there are two ways to enliven large and medium state enterprises; one is implementing the share-holding system the other is private ownership. What are your views? Do you think these arguments are correct?

[Zhang] From the perspective of historic development, the development from private ownership to public ownership is inevitable; history should not reverse itself. According to the operating characteristics of the market economy, the superior will win while the inferior will lose. Under these circumstances, private ownership may (?accommodate) public ownership and verse versa. Therefore, I would say that the question of introducing private ownership in China does not arise. In addition, in his government work report delivered yesterday, Premier Li Peng emphatically stressed keeping public ownership as the mainstay of the economy.

[[Wen Shizai]] I am XIN MIN WAN BAO [XINMIN EVENING POST] reporter (Wen Shizai). The enforcement of the Bankruptcy Law will bring unemployment to some workers. My first question is: Are we going to control our unemployment rate? And my second question is: If the answer is yes, to what extent should we exercise control?

[Moderator] Shall we direct these questions to Committee Member Wang Jie?

[Wang] Once the Bankruptcy Law comes into effect, some workers will inevitably face temporary periods of waiting between jobs. In the process of developing a market economy, and in the course of promoting fair competition, the "superior will win and the inferior will lose" law will certainly apply to every enterprise. Some workers, therefore, are bound to spend some time job-waiting. It can be argued, though, that this job-waiting is different from previous western-style, long-term unemployment phenomena. As far as our socialist system is concerned, the working people are the masters of our nation and we will make every effort to get jobs for them. Hence, our party and governments are now vigorously developing tertiary industry, township and village enterprises, and small and medium cities, and towns. All these are designed to provide a secure [words indistinct] workplace for the working people who are temporarily

out of job. It has been my personal view that, in light of deepening of reform and the development of a socialist economy, there will be more job opportunities. This point [words indistinct] has been proved by history.

[[Li Rao]] My name is (Li Rao) from the ZHONG HUA GONG SHANG SHI BAO [CHINESE INDUSTRIAL AND COMMERCIAL JOURNAL], I have a question for committee member Wan Guoguan. At present, large and medium enterprises are the main components of our country's economy, their success or failure will have an impact on the development of the whole national economy. For the past few years, we have been introducing contract systems, implementing regulations on transforming operational mechanisms, and now we are active in developing a modern enterprise system. As doubts and anxieties still exist over whether these measures are really helpful to the invigoration of large and medium enterprises, can we ask the views of Wan Guoguan, the executive chairman of the Central Committee of the China Democratic National Construction Association and a representative of democratic parties, on these issues?

[Wan] I think this is a very important question, an issue of deep concern for us. Before discussing it we must, first and foremost, affirm the contributions made by our large and medium state enterprises to the country and people in the first few decades after its founding. Meanwhile, we should also recognize large and medium state enterprises as the mainstay of the national economy. They have played a dominant role in national economic construction in the past, play a similar role now, and will continue to do so in the future. Because state enterprises were founded on the enterprise system under a planned economy, the introduction of a socialist market economy in China has indeed put them in a predicament. However, I have ample confidence that state enterprises can be invigorated, for four reasons: First, central government has adopted a clear-cut goal and policy measures to enliven state enterprises, which are reflected in the decision of the Third Plenary Session of the 14th CPC Central Committee and Premier Li Peng's government work report. As Premier Li Peng explained, the goal and policy measures can be summarized as follows, the requirement that large and medium state enterprises deepen reform and change operating mechanisms, including, of course, the establishment of a modern enterprise system, under which property rights as well as the rights and responsibilities of enterprises are clearly defined, government administration and enterprise management are separated, and scientific management is established. Based on my experience as a manager when enterprises did not have managerial autonomy and were not responsible for profits and losses, I am fully aware of that if an enterprise is shackled by many restrictions it will lack vitality. If state enterprises operate according to central government policy and the Company Law, which will come into force soon, they will be full of vitality. Second, even though the equipment of some enterprises is outdated, others have



upgraded or, more importantly, have been equipped with internationally advanced facilities. The latter can play an effective role in promoting socialized mass production. Third, state enterprises have a large contingent of talented people, including senior engineers and veteran workers. They are an invaluable asset of ours. Moreover, through more than a decade of continuous exploration, we have accumulated experience in bringing state enterprises more into line with our socialist market economy. The entrepreneurs present here today are typical products of such exploration. Fourth, central authorities have set great store by, and the people have shown a keen interest in, reform of the large and medium state enterprises. Now is the time to reform them or they will not survive. This is a demand of our socialist market economy. Reform must be carried out and will certainly succeed. That Premier Li Peng devoted a whole section of his report to this question explains the great importance attached by the State Council to reform of state enterprises. Therefore, I am fully confident that enterprise reform will succeed, but it will take some time.

[Correspondent] I am from Hong Kong's KUAI PAO [EXPRESS]. During an interview a few days ago, an economist propounded a theory that the performance of large and medium state enterprises was not bad, but that their vitality had been diverted into other areas. Do you agree with this theory?

[Moderator] Shall we direct this question to Professor Wang Jie?

[Wang] There is some truth in the theory that the poor performance of state enterprises does not indicate a decrease in their efficiency, but rather the diversion of efficiency to other areas. At present, some large and medium state enterprises have to undertake a heavy burden. For example, they have debts and apportionments for social undertakings and various expenses, which must be paid from their profits. It is true, therefore, that in the final analysis their efficiency is low. However, we must admit that the overall efficiency of enterprises is not high; and the reasons, as mentioned in Premier Li Peng's report, are many. The fundamental one lies in the shortcomings and defects of the management systems and operating mechanisms of state enterprises. How are the shortcomings and defects reflected? They are reflected mainly in the failure to clearly define the property rights as well as the rights and responsibilities of enterprises, and in their administrative (?interference) with operating mechanisms. For this reason, all enterprises have limited management autonomy and are weak in market competition. It is precisely because of these shortcomings and defects that the decision of the Third Plenary Session of the 14th CPC Central Committee has explicitly proposed a step-by-step reform of state enterprises, and has defined the establishment of a modern enterprise system as the objective of reform. I believe that once property rights and the rights and responsibilities of enterprise are clearly defined, once government administration and enterprise management

are separated, and once scientific management is established in accordance with the objective set by the Third Plenary Session of the 14th CPC Central Committee, state enterprise efficiency will surely be gradually enhanced, and they will bring into more effective play a role commensurate with their dominant position in the national economy.

[Correspondent in English, fading into Mandarin translation] I am from the SOUTH CHINA MORNING POST. There appears to be something of a contradiction in Premier Li Peng's government work report. On the one hand, he demanded that state enterprises rely on themselves to achieve development through reforms, while on the other he pledged more government financial aid to these enterprises. For example, they are no longer required to pay funds for energy and transportation construction projects and budgetary regulatory funds. Moreover, the government will also provide financial aid to enterprises to help them resettle surplus labor. If the government continues to provide assistance in terms of funds to state enterprises, how can they be encouraged to make reform and enhance efficiency?

[Unidentified CPPCC committee member] The premier's report is not contradictory. What is essential is that enterprises rely on themselves by deepening reform and changing their operating mechanisms. However, during the transitional period, the state will implement an interim preferential policy toward enterprises, especially to guarantee the livelihood of their workers and staff. If an enterprise rely on the preferential policy without deepening reform, it can go nowhere. Government support will not last forever. The only way out for an enterprise running in the red over a protracted period is to declare bankruptcy.

[[Chen Tiebiao]] I am (Chen Tiebiao) from the (?Cable Television). My question is about the tax assignment system, which is a new state policy. As the Finance Minister explained in the budget report, the new system may encounter contradictions in the course of implementation. Will such contradictions be those between the state enterprises and local governments, or between the enterprises themselves? Please clarify.

[Unidentified CPPCC member] Implementation of the tax assignment system is a very important step in our tax reform. It is not a system unique to China, and is also implemented in many other countries. At present, there are national and local taxes. However, under the tax assignment system, the central government, in order to make allowances for local governments, will reimburse them a certain amount of tax revenue to tide them over difficulties during the transitional period. Of course, it is entirely possible that a reform of such a great magnitude will affect the interests of a certain sector. What we can do is to proceed from the overall situation and take into consideration both national and local interests.

### CPPCC Members' Proposals Conducive To Economic Development

OW1503085594 Beijing XINHUA in English 0824  
GMT 15 Mar 94

[Text] Beijing, March 15 (XINHUA)—Proposals raised by members of the National Committee of the Chinese People's Political Consultative Conference (CPPCC) have played a significant role in deepening reforms, promoting economic and social development and consolidating unity and stability in China.

During a full session of the CPPCC National Committee today, Zhou Shaozheng, chairman of the CPPCC subcommittee for handling proposals, delivered a report on the handling of proposals made since the last session a year ago.

Over the past year, members of the CPPCC National Committee, various democratic parties and people's organizations have made a total of 1,981 proposals, he said, adding that his subcommittee had handled 99 percent of the proposals by February 25, 1994.

He said that 1,506 members, 72 percent of the total, made proposals in 1993. Of these, 13 came from the Central Committee of the China Association for Promoting Democracy, the Central Committee of the Chinese Peasants and Workers Democratic Party, and groups of the Revolutionary Committee of the Chinese Kuomintang, the Jiu San (September 3) Society and the All-China Federation of Trade Unions.

According to Zhou, 673 of these proposals, or 35.4 percent, deal with China's economic development; 617 of these, or 32.5 percent, involve education, science, culture, public health and sports; 394 of these, or 20.7 percent, cover political affairs, legal affairs, labor and personnel; and the rest deal with united front work, nationality affairs, religious affairs, and affairs relating to Hong Kong and Macao compatriots and Overseas Chinese.

All the proposals made during the first session of the CPPCC National Committee, held a year ago, have been submitted to departments of the Chinese Communist Party Central Committee and the State Council for handling, he said.

To date, those departments have either adopted or handled 82 percent of these proposals in various ways and have also explained why they cannot adopt the remaining, he said.

He said that a considerable part of the proposals contain specific measures to accelerate reforms, open China wider to the outside world, step up the modernization drive, push forward the establishment of a socialist market economic structure, promote ideological and cultural progress, and improve the party's style of work and the building of a clean and honest government.

For example, members made a number of proposals calling for increased investment in agriculture and faster construction of large water conservancy facilities. There are nine proposals requiring the undertaking of a massive project to divert water from south China to water-deficient north China.

The State Planning Commission has listed diverting Chang Jiang River water to north China as a priority project and is now making a feasibility study of it, he said.

Many members also proposed setting fair and rational tax rates and establishing a new rational taxation system throughout China.

The party Central Committee and the State Council have decided to institute a tax assignment system since the beginning of this year, in an effort to tighten the central government's unified management of tax revenues, he said.

Moreover, the Standing Committee of the National People's Congress has adopted a proposal suggesting that an amendment to China's constitution provide for the establishment of a "multi-party cooperation and political consultative system under the leadership of the Chinese Communist Party."

The stipulation "a multi-party cooperation and political consultative system will exist for a long time to come and develop" has been included in China's constitution, he added.

Zhou Shaozheng pledged to handle proposals by CPPCC National Committee members more efficiently in future.

### CPPCC Member Offers Advice on Movement of Rural Labor

OW1503031994 Beijing XINHUA in English 0309  
GMT 15 Mar 94

[Text] Beijing, March 15 (XINHUA)—An economics professor appealed for a better understanding of the positive significance of China's massive movement of rural labor and offered advices for its solution.

"For the surging tide of migrating rural labor," he said, "we should not take a blocking method. Rather, we should provide guidance over the direction of its flow by way of market principles."

The suggestion was made by Gu Shengzu, a member of the national committee of Chinese People's Political Consultative Conference (CPPCC) and an economics professor of Wuhan University, in a speech he made here today at a general session of the CPPCC National Committee members.

Professor Gu first dealt with statistics.

He said: China at present has over 400 million rural laborers. With 100 million absorbed by rural enterprises, there are still more than 200 million surplus laborers in



rural areas. Among the surplus laborers, 50-60 million have left their villages to form what is known as a tide of migrating rural labor. That means, at least, over 100 million laborers in rural China need job placement. Moreover, surplus rural laborers will increase by more than 10 million each year.

In the 1990s, he said, the issue will become increasingly serious. A markdown of the comparative benefits of farming will drive a great number of rural laborers to move in search of jobs. By the turn of the century, he said, China will have an army of about 100 million migrating rural laborers.

Gu said, rural labor has promoted the economic development of regions where they work. They have contributed to construction projects for the 1990 Asian games, expressway construction in Beijing, development of Shanghai's Pudong, the Chang Jiang Three Gorges project, and the economic takeoff of the Pearl River Delta area in Guangdong.

At the same time, he said, the labor tide is having an adverse impact on urban traffic and social order.

Gu suggested that urbanization of rural areas be taken as a main channel for the absorption of surplus rural laborers to slow down the pace of their flow into big cities and avoid a waste of resources caused by scattered industrialization.

His urbanization program calls for letting 300 small cities absorb 30 million surplus rural laborers, each taking 100,000; letting 2,000 county towns soak up 100 million, each taking 50,000; and selecting 2,000 towns and building them into small cities to absorb 100 million.

"We need an innovative way to solve the problem," Gu said.

#### Li Peng, Deputies Discuss Economic Issues

OW1403120894 Beijing XINHUA Domestic Service in Chinese 0843 GMT 13 Mar 94

["Special Feature" by XINHUA reporters He Ping (0149 1627), Ma Kuijun (7456 7608 0689), and Yu Shaoliang (0060 4801 5328): "The Premier's Important Requests"]

[Text] Beijing, 13 Mar (XINHUA)—The issues about enriching the "food baskets" of urban and rural residents, diverting water to the north, transporting west China's coal to the east, settling debts between enterprises, and stabilizing cotton output became the topics of discussion among Hebei delegation's deputies attending the Second Session of the Eighth National People's Congress [NPC]. While joining the deputies' discussion and listening to their views, Premier Li Peng also chipped in and discussed with the deputies ways and means to expedite reform and development.

In light of Hebei's actual situation, Provincial Governor Ye Liansong said: "Commodity prices, especially prices

of goods closely related to people's livelihood, have a direct bearing on social stability."

Li Peng supported his view, saying: "There are 23 kinds of goods which are closely related to people's livelihood, including the essential ones in their 'food baskets.' In recent years Hebei has been attaching great importance to the 'food basket' project and has done a fairly good job in promoting direct trade between consumers and producers. I hope you will sum up your experiences so that you can continue to improve your work."

Cattle raising has been developing quite rapidly in Hebei. Deputy Li Bingliang, deputy secretary of the Hebei Provincial Party Committee, especially mentioned Li Fucheng, a major cattleman in Sanhe County. Li Peng said: "I have visited his cattle farm. I even met him when he made a special trip to Beijing during the Spring Festival this year!"

Li Bingliang said: The size of Li Fucheng's cattle production has been expanding ever since his cattle raising business was semimechanized. His cattle inventory last year exceeded 4,700 head; and he made a net profit of 6 million yuan from the \$5 million foreign exchange he created by selling 1,700 head of cattle.

Li was pleased with the report, saying: "Cattle raising is profitable in many ways. Cattle bred for meat yield high economic returns. In addition to meat, cow hide and bone can be extensively processed into useful products. Cattle eat straw and their droppings are good manure for soil improvement and can also be used for producing marsh gas. Hebei has advantage in this regard in many ways, and I hope that this project will continue to be a success."

Deputy Cheng Weigao, secretary of the provincial party committee of Hebei, a major cotton producing region in the country, said that low state-set prices for cotton and drought are major problems hindering Hebei's cotton output. Li Peng asked: "Are there any cotton plant comrades here? How much do you pay for one dan [50 kg] of cotton?" Deputy Zhang Fengge, a worker of the No. 1 Handan State-Operated Cotton Yarn Plant, stood up and gave Li Peng an answer.

Li Peng said: "I mentioned in the government work report that the state will pay a higher price for cotton, but the textile industry may not be able to tolerate if the price is raised excessively. And so I think this problem can only be resolved step by step along with the establishment of the socialist market economic system and price restructuring. As for the impact from drought, can we solve the problem by developing water conservation measures, such as sprinkling irrigation, as well as by improving cotton strains to make them more drought resistant?"

When Deputy Liu Hanzhang, director of the Handan Iron and Steel Works, took the floor, Li Peng asked him with concern: "I visited your plant in 1988. Has its annual output reached 1 million tonnes yet?" After he



received a positive answer, Li Peng said: When I visited your plant, your annual output was only 800,000 tonnes or so. Then Li Peng asked Liu about his plant's production situation as well as the way it obtained its coal, iron, and other raw materials and the types of products it produces and their quality. Li Peng specially emphasized the importance of high technology, saying that high technology not only can yield higher returns, but also can conserve large amounts of energy.

Li Peng asked Deputy Xu Ji, director of the Kailuan Mining Bureau: "Have you solved your water problems? How is production? Have you totally removed price control? What is the all-personnel labor productivity?" Xu Ji answered all the questions, feeling very excited that Premier Li Peng was so familiar with the situation in Kailuan and other areas in Hebei. He also factually reflected the bureau's problems but pledged to live up to the premier's expectations.

Li Peng said: Hebei has fairly good natural conditions and fine revolutionary traditions, and it has made fairly fast progress in its development since adoption of the reform and opening up policy. This shows that as long as leading cores at various levels are united, work with one heart and one mind, and deal with common problems with concerted efforts, they can expedite economic construction and make new progress in both material and spiritual construction under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics.

On improving state-operated enterprises, Li Peng stressed that leading authorities at all levels should place this project high on the agendas, take effective measures to create an environment favorable for business, and help enterprises solve their problems through upgrading their technology and management. He said enterprises should give full scope to their initiatives by taking advantage of the opportunities created by various reform measures.

Li Peng said: As a major agricultural province, Hebei should pay special attention to developing water-efficient agriculture and scientific farming, and diversify operations on the basis of stabilizing grain and cotton production.

As soon as the premier finished saying "I wish Hebei greater success and faster progress every year!" the hall reverberated with applause and laughter.

#### **NPC Delegation To Submit Motion on Japanese War Reparations**

*OW1503092494 Tokyo KYODO in English 0837 GMT 15 Mar 94*

[Text] Beijing, March 15 KYODO—Members of a regional delegation to China's ongoing National People's Congress will submit a motion demanding war compensation from Japanese Prime Minister Morihiro Hosokawa, Chinese sources said Tuesday [15 March].

The motion, a copy of which was made available to KYODO NEWS SERVICE, appears only days before Hosokawa begins a three-day visit to Beijing Saturday, his first as Japan's top leader.

The document clearly states the strong dissatisfaction of the Chinese victims of Japanese wartime aggression, while demanding a formal apology and compensation from Hosokawa.

Signed by a 32-member delegation from Hubei Province and led by Liu Napeng, the motion declares that despite the Chinese agreement to give up demands for war reparations in the Japanese-Chinese joint declaration of 1972, Chinese victims still have the right to be compensated for civilian losses.

The document claims more than 10 million Chinese victims were savagely murdered by Japanese forces during the so-called "Nanjing massacre" alone, causing over 300 billion dollars in economic losses.

The motion appeared at the NPC in 1992 on the eve of the "historic" visit of Japanese Emperor Akihito, but authorities refused to act at the time, due to political considerations.

The drafters of the document say the time is now ripe to demand payment for war losses, as many Japanese already support Hosokawa's position on apologizing for Japan's war behavior and the new government and the Social Democratic Party have taken a positive attitude toward compensating civilian victims of Japanese war crimes.

Besides asking Hosokawa to apologize and promise war compensation to Chinese victims, other demands include the establishment of a committee for civil compensation from Japan, which would include Taiwan, Hong Kong, Macao and overseas Chinese, the acknowledgement and publication of a legal basis for demanding payment from Japan, and an open and published denunciation of Japanese aggression and war crimes.

The document also says the right to formally register the victims should belong to the Chinese Government and that Japanese yen loans should also be used to compensate victims.

While visiting Japan in 1992, Chinese party secretary Jiang Zemin, now also the nation's president, indicated that the Chinese Government would not interfere with demands for civilian compensation. This has led to an increase in such demands.

#### **NPC Deputies, CPPCC Members Discuss Macroeconomic Control**

*OW1503102694 Beijing Central People's Radio Network in Mandarin 1100 GMT 14 Mar 94*

[Report on interviews with NPC deputies and CPPCC members by correspondents Bao Jinghao and Fu

Yongchang in Beijing—date not given; from the "Special Program on NPC-CPPCC Sessions"]

[Excerpts] Listeners and friends, in his government work report delivered to the Second Session of the Eighth National People's Congress [NPC] on 10 March, Premier Li Peng said 1994 is an important year for China to push forward its reform. In the new year, China will continue to deepen reform and open wider to the outside world. He also stressed that it is necessary to strengthen and improve macroeconomic regulation and control. [passage omitted]

The state policy on macroeconomic regulation and control was drawn up by the party Central Committee and the State Council and is enforced jointly by them. However, it is different from the planned management of the past. It does not contradict the state's introduction of the socialist market economy. Commenting on this, NPC Deputy Shen Daren, who is also chairman of Jiangsu People's Congress Standing Committee, said:

[Begin recording] [Shen] Macroeconomic regulation and control... [recording fades into announcer-read passage]

Deputy Shen Daren held: A market economy is not a free economy in which one can do whatever one wishes. Not only is it restricted by law, but it is also subject to interference by the administrative means of the state. Experiences, both positive and negative, in economic development over the past decade show that it is impossible for localities to develop their economies successfully if the overall economy is not well developed or not enlivened, and if the economic relations between the center and localities are not straightened out. If localities only take into account their special interests to the exclusion of the overall interests, and if they ignore the damage done to the overall interests, there is no way they can preserve their special interests. In past few years some localities have, more or less, vied with one another in seeking higher growth rates, undertaking new construction projects, and recklessly trying to increase output. Problems of the localities need to be addressed. Only by solving these problems can we guarantee a sustained, rapid, and healthy development of the national economy. [end recording] [passage omitted]

NPC Deputy Shuai Ligu, mayor of Guangxi's Beihai City, put forward his view when he discussed the central policy on macroeconomic regulation and control. He held that macroeconomic regulation and control present opportunities for localities.

Deputy Shuai Ligu said: [Begin recording] [Shuai] The introduction of macroeconomic regulation and control by the state is aimed mainly at achieving a balance between total supply and total demand in the economy and solving the problem of irrational economic structure. Under macroeconomic regulation and control, we can strengthen weak links in the local economies, readjust their structures, and remove bottlenecks restricting the development of local economies. In addition, during the period of macroeconomic regulation and control, we

can strengthen the construction of urban infrastructural facilities and improve the "hard" investment environment. We can also strengthen local economic management, rectify the economic order, expand the scope of reform, accelerate the pace of transforming the operating mechanisms of enterprises, and heighten their economic performance. We can concentrate on improving the "soft" investment environment in order to lay the foundation for economic development. A rational structure in the national and local economies will, doubtless, play a role in boosting economic development. Therefore, macroeconomic regulation and control, in a positive sense, also provide an opportunity for localities to develop their economies. [end recording]

### NPC Delegates View Environmental Challenges Facing Nation

OW1503101894 Beijing XINHUA in English 0921 GMT 15 Mar 94

[Text] Beijing, March 15 (XINHUA)—China's environmental quality has remained basically unchanged in recent years, though environmental problems has posed a serious challenge to the country, a senior Chinese environmental official said here today.

At a press conference given by the current session of the National People's Congress (NPC), Qu Geping, chairman of the NPC Environmental Protection Committee, said that the country's environmental quality has "basically remained at the same level of the 1980s."

He said that economic losses caused by environmental pollution in China top about 100 billion yuan every year.

Asked about Chinese Government's spendings on environment, he said that China spends 20 billion yuan on environment protection every year, accounting for 0.7 percent of its annual gross national product. The figure leads all other developing countries in the world, he said.

He cited the example of Beijing city, which spends an amount of money that accounts for 2.4 percent of its annual gross domestic product every year. In the past decade, the city has spent over ten billion yuan on projects for curbing pollutions.

He noted that the government imposes very low fines on enterprises which violate environmental protection rules, prompting some enterprises to pay fines in exchange for government consent on their spoiling of environment. The total fines of last year only accounted for 0.11 percent of the country's annual industrial output.

"We have raised the minimum of the fines by one-third last year... and we are going to make it even higher, so as to compel the enterprises to clean up the environment instead of just paying fines," he said.

Asked about the actual figures for cancers and respiratory diseases caused by pollution in China, he said that



China has yet to compile a set of complete figures on the impact of environmental pollution on people's health.

"It is a very complicated job. We are still carrying out researching programs in this regard," he said.

He said that the Chinese Government did not make public to the people the World Bank reports on pollution-related diseases in the country, because it has to consult with relevant departments to "verify the preciseness of the international figures."

Asked about China taking out gall bile from living bears, Qu said that China's wild life protection policy is to "carefully protect, actively reproduce and rationally utilize" wild animals.

"China has a large number of bears," he said. "On this precondition, we should consider utilizing them for medical purposes."

He said that keeping one bear for medical use will avoid the killing of 220 bears. And the bear will not suffer great pains.

#### 'Two Sessions' Stress Stability With Reform

OW1403144794 Beijing XINHUA Domestic Service in Chinese 0747 GMT 13 Mar 94

["Roundup" by reporter Min Fanlu (7036 0416 6424): "Objectives, Motive Force, Foundation, and Preconditions—the Relationship Among Reform, Development, and Stability as Seen From the 'Two Sessions'"]

[Text] Beijing, 13 Mar (XINHUA)—In China, the high tide of reform and opening up is surging up, economic development shows a strong momentum, and the 1.1 billion people are having an unprecedented opportunity for great development in the 1990's. The situation in China has attracted people's attention both at home and abroad. How to develop further is the main topic for discussion among the National People's Congress [NPC] deputies and the members of the National Committee of the Chinese People's Political Consultative Conference [CPPCC] at the ongoing NPC and CPPCC sessions.

Premier Li Peng pointed out in his government work report: To seize the opportunity, deepen reform, open up wider, promote development, and maintain stability is the stress of the work of the whole party and the whole country. The crux of how to stick to the stress lies in correctly handling the relationship among reform, development, and stability.

How to stick to the stress of the work and handle well the relationship among the three has become the most popular topic at the "two sessions."

"Development is the last word." This famous word of Comrade Deng Xiaoping's is known to everyone in China. To develop productive forces is the fundamental objective of socialism and meets the basic needs of social progress and the people's happiness. If the economy is

not developed, how can we show superiority of the socialist system and meet the challenge of the world? Our economic development in the last 15 years was with high growth rate in many consecutive years, which has caused surprise and admiration in the world. As a result, our annual gross domestic product has exceeded 3,000 billion yuan, our annual grain output has reached 900 billion jin, and our annual steel output has been near 90 million tonnes. In addition, we have had urban and rural markets with ample supply of goods, we have built hundreds of millions of new houses, the rural per-capita income has reached 921 yuan.... The people support our party even more and they are even fuller of confidence in the future of socialism. By comparing the realities of their own regions and departments with the situation of other countries, the conferees to the "two sessions" have profoundly realized that the current international situation and domestic situation are conducive to China's promotion of reform and construction, and it is indeed an unusually good opportunity for us. "The key to seizing the opportunity to develop ourselves lies in economic development." Comrade Deng Xiaoping's important talks made during his southern China inspection tour have inspired us to stick firmly to economic construction—the central task—and do all we can to develop economy.

What do we rely on to achieve development? We should rely on reform. Reform is the power, motor, and booster for development, as well as a panacea for the liberation and development of productive forces. Over the last 15 years, reform has added a great vitality to China's economy, given a pair of wings for all trades and professions to soar, and created a series of miracles. In short, reform and development grow up together. In order to make further progress in economic development in the 1990's, China must rely on deepening the reform and opening up wider, and there is no other way. Chinese leaders and people with breadth of vision clearly know that China's reform is a long process, it should be deepened steadily and prudently step by step with the progress of socialist modernization, and it cannot be achieved overnight. The establishment of socialist market economic structure is deeper and broader thorough reform. The plans for reforms of the fiscal and taxation, banking, investment, and foreign trade systems have been promulgated for implementation. They will involve a great deal of work and contradictions. During the course of examining the government work report, the NPC deputies and CPPCC committee members have reached the following consensus: The plans are being carried out quite smoothly, marking an important step taken by China in establishing socialist market economic structure; as the reform has a bearing on China's development and prosperity, the whole country must work as one, go all out, and vigorously promote it; since the reform is being deepened, affecting the relative interests of many quarters, it must be planned meticulously and carried out prudently.

Reform and development require a relaxed and harmonious social environment, as well as a political situation



of stability and unity. Comrade Xiaoping has said: "Stability is above all else." Without stability, nothing can be achieved, neither reform nor development. Useful lessons in this regard can be found in Chinese and foreign history, both ancient and modern history. For this reason, stability is the indispensable precondition for reform and development.

Our country needs stability, a long-term peace and stability. According to reports on the "two sessions," the NPC deputies and CPPCC committee members have understood even more profoundly the necessity to promote stability with development and reform. A genuine social stability is impossible if the country is weak in national strength and suffers bad inflation and market supply shortage and the people's living standards are not improved. Development and reform are the foundation of long peace and stability in the society. The NPC deputies and CPPCC committee members suggested that in order to achieve stability, we should first stabilize economy and the market commodity prices and ensure a healthy economic development; we should attach importance to agriculture because stable agriculture will create stability across the country; and we should solve well any problems concerning public order so that people in both urban and rural areas can live and work in peace and contentment. Some deputies from ethnic minority regions emphasized that we must strengthen the great unity among the people of all nationalities, and the brothers of 56 nationalities should share weal and woe, link their hearts, and forge ahead together. Leaders at all levels should be concerned about the masses, and resolve contradictions and overcome difficulties for the masses. There will be long-term peace and stability in our country if the 1.1 billion people are of one heart and one mind and our economy is prosperous.

Reform, development, and stability promote one another and form a single entity. General Secretary Jiang Zemin put the relationship in a vivid and profound way during his discussion with Shanghai's deputies: "Reform, development, and stability are like three closely related strategic pieces on the chess board of China's modernization drive. We will win the game if every move is properly made and one move helps another. If one move is wrong, it will endanger other pieces and even cause loss of the game." Everyone has a share of responsibility for the destiny of the country. All citizens should clearly know the stress of the work of the party and the state, do a solid work at their posts, and plunge themselves into the reform to promote development and maintain stability.

The "two sessions" have sent a message to China and to the world as a whole: No matter how the world situation changes, the Chinese people will firmly take the road of socialism with Chinese characteristics. China will firmly promote reform and opening up in a peaceful and stable environment. We will work as one under the banner of reform and achieve a sustained, rapid, and healthy development to usher in the new century.

### Minister of Railways Answers Deputies' Questions

OW1503105494 Beijing XINHUA Domestic Service in Chinese 0147 GMT 15 Mar 94

[By reporters Zhang Jinsheng (1728 6930 0524) and Wen Youcheng (5113 2589 2052)]

[Text] Beijing, 15 Mar (XINHUA)—The Henan delegation to the National People's Congress (NPC) session held small group discussion on 13 March. Minister of Railways Han Zhubin, together with the directors of the ministry's planning and transport bureaus, visited the deputies, listened to their views, and answered their questions.

The deputies affirmed the contributions of the railway department to Henan's economic development. They also made candid criticism and suggestions on issues concerning passenger and cargo transport, capital construction, and work style of railways. Han Zhubin listened attentively to their views, took notes, and occasionally discussed things with the two bureau directors in a whisper. Soon after the deputies finished presenting their views, Han Zhubin said with a smile: Some of your problems involve too many departments and I cannot make decisions on them in a short time. I can give you clear and definite replies on the problems which the Ministry of Railways can solve right away:

- No. 251 and No. 252 express trains between Zhengzhou and Beijing will be changed to nonstop express trains as of the middle of April this year;
- No. 233 and No. 234 express trains running between Xinyang and Beijing on a temporary basis will become permanent service;
- On the question of linking Henan's local rails with state rails, we may in principle conduct an experiment at a selected locality first;
- The Ministry will readjust wagon dispatch and change the practice of keeping southbound railway wagons in the south, and will move a large number of railway wagons northward from Guangdong and Shanghai; and
- In wagon dispatch, the railway department will do all it can to satisfy Henan's needs in shipping products with high added value and export products produced by Henan enterprises.

The deputies affirmed the practice of the State Council in having the responsible cadres of ministries and commissions attend the meetings of NPC delegations and hear their views. Han Zhubin's replies won applause from the audience.

**Hu Jintao, Chi Haotian, Tibet Deputies Examine Report**

OW1503110694 Lhasa Tibet People's Radio Network in Mandarin 1430 GMT 14 Mar 94

[By network reporter Ren Yongming; from the "News" program]

[Text] Hu Jintao, member of the CPC Central Committee Political Bureau Standing Committee and member of the CPC Central Committee Secretariat, and Chi Haotian, state councillor and minister of national defense, joined the National People's Congress [NPC] deputies of the Tibet delegation in examining the government work report on the morning of 13 March.

After Raidi, deputy head of the Tibetan delegation, declared the meeting open at 0900, the deputies freely spoke about what they wanted to speak. Commenting on the three major requirements—reform, development, and stability—Deputies Losang Gyaincun, Qiangba Pingcuo, Losang Namgyai, and Losang Toinzhub maintained that, because of Tibet's rather special situation, it must properly handle the relations between those three requirements in order to attain the targets set for 1994. This means that, in addition to making efforts to deepen reform, open wider to the outside world, and promote development, Tibet must also pay attention to maintaining a stable social, political, and economic environment and strive to promote reform and development in a stable environment and achieve a long-term social stability through reform and development.

Deputy Losang Toinzhub said: None of the three requirements—reform, development, and stability—is dispensable. Tibet's socialist modernization drive certainly can move forward as long as we are able to properly handle the relations between the three requirements, maintain the standards of productive forces [sheng chan li biao jun], seize the opportunity, achieve breakthroughs in key points while promoting all projects as a whole, work in line with the national framework [yu quan guo zai kuang jia shang yi zhi] and structures, and, in light of Tibet's actual needs, take resolute actions, adopt flexible policies, and take steady and reliable steps.

Comrade Hu Jintao listened attentively to the views of the speakers, occasionally nodded to express his approval and inquired about Tibet's framework for reform.

After the deputies finished speaking, Raidi asked Minister Chi Haotian to say a few words. Chi Haotian said: I have come to learn from you. People in Tibet care very much for and support the armed forces, and they have contributed significantly to strengthen the border defense in southwest China. Under the new situation, we must continue to strengthen army-police-people unity [jun jing min tuan jie]. The armed forces and the people should share the same destiny, breathe the same breath, and link their hearts so that our border areas can be built into a steel great wall. Meanwhile, we must strengthen

the joint army-people defense to ensure stability in border areas. As long as army and people are united as one, we can surmount any difficulty.

**Zhejiang Governor: Reform, Opening Up Benefit Zhejiang**

OW1503105894 Beijing XINHUA Domestic Service in Chinese 125 GMT 14 Mar 94

[By correspondents Ding Jianming (0002 1017 6900) and Tian Zhiwei (3944 1807 0251)]

[Text] Beijing, 14 Mar (XINHUA)—Zhejiang Governor Wan Xueyuan said here today: Zhejiang's overall strength has increased rapidly in the past 15 years of reform and opening to the outside world. Next, Zhejiang will, in accordance with the requirements set by the party Central Committee and the State Council, open wider to the outside world, deepen the reform, and optimize the economic structure, raise the quality of economic growth to ensure a sustained, rapid, and healthy development of its economy.

The news center of the "two sessions" held a news conference this morning and invited Zhejiang Governor Wan Xueyuan, Ningbo City Mayor Xu Yunhong, Hangzhou City Mayor Wang Yongming, and Wenzhou City Mayor Chen Wenxian to meet with Chinese and foreign reporters.

In response to a reporter's question on what Zhejiang has done or will do in the area of building and cultivating a socialist market system, Wan Xueyuan replied, saying: Zhejiang started the reform of the market structure early, and it has developed its own characteristics in the process of developing a market economic structure. First, Zhejiang has been known as a "large market province" because of its early effort to cultivate markets. There are now over 4,300 markets of various types in the province, 107 of which can handle over 100 million yuan each. Markets for capital, labor, technology, real estate, and other basic means of products are being developed rapidly. At present, the role and scope of the market mechanism have expanded considerably in the operation of Zhejiang's economy. A profound change has taken place in the government's functions and methods of organizing the economy, and mandatory plans under the jurisdiction of the province have all been abolished.

Wan Xueyuan said: The development of markets has promoted Zhejiang's economic development. This year, Zhejiang will strive to improve all types of services and accelerate the establishment of markets for the basic means of production, especially financial, technological, and labor markets. At the same time, in close conjunction with the state's major reform measures, the province will improve macroeconomic regulation and control, deepen enterprise reform, and step up the building of a system of social security. Through a few years of efforts, we will strive to initially build a modern enterprise system, a distribution system, a social security system, and a macroeconomic control system meeting



the requirements of a market economy, thereby forming an open and integrated market system.

In response to a question on whether the tax reform of this year will affect the town and village enterprises, Wan Xueyuan said: Zhejiang's town and village enterprises have developed rapidly in the past few years. Their output value has accounted for 60 percent of the province's total industrial output value. In the process of deepening the reform, town and village enterprises are faced with many challenges—challenges from state-owned enterprises whose strength has been enhanced through the transformation of operating mechanisms and challenges from the private sector. With the introduction of the new tax system, the abolition of preferential policies on tax reductions and exemptions followed. This, in fact, has increased the tax burden on some town and village enterprises. But this should be viewed from another angle—town and village enterprises have formed a flexible mechanism whereby they are responsible for their own decisions regarding management, for their own profits and losses, and for their own development and reform. Improvements and pressures, as well as the pressure of market competition, brought about by reform will prod the processing industries into readjusting the investment structure, the production setup, and the product mix. Therefore, we can say there are both difficulties and opportunities, but opportunities and hopes outstrip difficulties.

Hangzhou Mayor Wang Yongming, Ningbo Mayor Xu Yunhong, and Wenzhou Mayor Chen Wenxian also answered reporters' questions.

#### Liaoning Secretary Proposes Anticorruption Measures

OW1503105594 Beijing XINHUA Domestic Service in Chinese 0803 GMT 14 Mar 94

[By reporters Xu Jiangshan (1776 3068 0810) and Gao Shuhua (7559 3219 5479)]

[Text] Beijing, 14 Mar (XINHUA)—Deputy Gu Jinchi, secretary of the Liaoning Provincial CPC Committee who was attending the Second Session of the Eighth National People's Congress [NPC], said that launching the anticorruption drive is an important measure for properly handling the relationships among reform, development, and stability, that practical measures should be taken, and that unremitting efforts should be made for a protracted period of time to come.

Gu Jinchi said: Premier Li Peng drew applause from deputies when he touched on successfully launching the anticorruption drive in his government work report. It fully shows that the anticorruption drive is an issue of common concern to the masses of the people, and that the central authorities' decision to improve the building of a clean and honest government has won their resolute support. The current anticorruption drive has produced certain results, and the situation is good. However, we should be soberly aware that corruption among a small

number of government functionaries is still relatively serious, that relevant policies and regulations drawn up by the central authorities have yet to be carried out to the letter, that the anticorruption task is still very arduous, and that we still need to be mentally prepared for making unremitting efforts for a protracted period of time to come.

Gu Jinchi believed that deepening reform, amplifying laws and regulations, and establishing an effective supervision and restriction system to prevent and eliminate corruption through the system are the fundamental measures for fighting corruption and advocating a clean and honest government. In this connection, he made three suggestions:

1. A clear distinction between the functions and powers of party committees and governments at all levels should be made in earnest during reform of organizations so as to define responsibilities and establish an appropriate supervision mechanism. Administration should be exercised in accordance with the laws and discipline; necessary restrictions will be imposed on the exercise of powers to eliminate the cause and spread of such corruption as shifting responsibility onto others, arguing back and forth, abusing power to seek personal gain, and taking bribes among relevant units and individuals when fulfilling their functions and exercising their powers.

2. A system that standardizes the management and use of personnel, funds, and materials, and makes public such management and use must be established to persist in a system of relying on supervision by the masses, to place those who exercise powers under public supervision, to enable people to inform those who violate regulations and abuse power to seek personal gains to the authorities, and to eradicate the environment of concealment upon which corruption subsists.

3. Restrictions should be imposed on those who indulge in the collection and spending of fees which are apt to make them reluctant to practice plain living and wage hard struggles or dishonest in the performance of official duties by adopting measures indirectly linked to the income of relevant personnel; a system for reporting the income of leading cadres for the record will be gradually implemented. Meanwhile, appropriate measures will be taken to stop concealed income and to plug the loophole that gives rise to corruption.

Deputy Gu Jinchi expressed the belief that so long as we take the correct road, we can achieve marked successes in the anticorruption drive and will surely be able to fulfill the objective determined by the central authorities.

#### Li Guixian Addresses Anhui NPC Deputies' Meeting

OW1503105394 Hefei Anhui People's Radio Network in Mandarin 1100 GMT 14 Mar 94

[From the "Provincial Hookup" program]



[Text] The Anhui delegation attending the Second Session of the Eighth National People's Congress [NPC] held a plenary meeting on 13 March to continue examination and discussion of the government work report. State Councillor Li Guixian attended the meeting and heard the deputies' views. Sun Qimeng, vice chairman of the NPC Standing Committee, and members of the NPC Standing Committee Yang Jike and Yang Zhenhuai took part in the discussion. Deputies Wang Hanhua, Wang Yang, Wang Shengbao, Fang Yiben, and Wang Shixin expressed their views on such issues as [words indistinct] the reform of the banking, fiscal and taxation systems, commodity prices, and how to strengthen the role of agriculture as the foundation of national economy.

Zhou Zhengqing, NPC deputy and vice governor of the People's Bank of China, spoke on an issue about which people are concerned about—the reform of the banking system. State Councillor Li Guixian spoke after hearing the deputies' views. He said: We will take your problems and suggestions back to our office for serious discussion and study.

On the government work report, Li Guixian said: The report is very clear. Its emphasis is to handle well the relationship among reform, development, and stability. Now, it won't do without reform and development, and reform and development cannot be accomplished without a stable environment. In light of the current situation, the party Central Committee has put forward the 20-character principle—the principle of seizing the opportunity, deepening reform, opening up wider, promoting development, and maintaining stability. This is the stress of the work of the whole party and the whole country. The whole party and the people of all nationalities across the country should uphold the principle. At present, we are having a good opportunity of deepening reform and accelerating development. In order to achieve development, we must carry out reform and open up. We must reform the old structure and establish a new structure of socialist market economy. Only in this way can we accelerate development. All the reform measures promulgated this year are designed to lay a foundation for establishing socialist market economic structure. If these measures are not implemented well, we will be unable to establish the socialist market economic structure. For this reason, we must not fail in their implementation. We must promptly deal with new circumstances and problems which might crop up during the course of reform and development. [passage indistinct]

Li Guixian said: After the prices are decontrolled, we must not treat the price increase problem lightly. Effective measures must be adopted to curb price increases and stabilize the market. At the same time, we must solve well the problem concerning the livelihood of the workers and staff members of enterprises which suffer operating losses. We must also solve the problem of teachers' back pay. We must oppose waste and extravagance, reduce unnecessary spendings, and guarantee [words indistinct].

The person in charge of the Ministry of Electronics Industry attended the meeting and heard the deputies' views.

#### Jiangsu Governor Interviewed on Economic Structure

OW1503100594 Beijing XINHUA Domestic Service in Chinese 0925 GMT 14 Mar 94

[Interview by XINHUA reporter Chi Maohua (3069 5399 5363): "Make Development While Carrying Out Reform—an Interview With NPC Deputy Chen Huanyou, secretary of the Jiangsu Provincial Party Committee and governor of the province"]

[Text] Jiangsu is one of our country's economically developed provinces. Its per capita GNP amounted to 3,675 yuan in 1993, higher than the country's average. Thus, the province's overall economic strength has reached a new level. At the Second Session of the Eighth National People's Congress [NPC], this reporter interviewed NPC Deputy Chen Huanyou, secretary of the Jiangsu Provincial Party Committee and governor of the province.

Chen Huanyou said: Jiangsu Province has made new planning for reform and development. We have set forth a reform objective according to local conditions that the basic framework of a socialist market economic structure should be built in about five years. Then, we must effectively perform our work particularly in several aspects in order to achieve this objective and push Jiangsu's economy to a new level.

Chen Huanyou said: First of all, we must continue to deepen reform. The state has announced more reform measures this year than in the past. Reforms are more difficult to carry out, and they need to be conducted in more depth and breadth and with more intensity. All the announced reform measures involve the key aspects of establishing a socialist market economic structure. We have decided according to Jiangsu's conditions that we should carry out various reforms while concentrating on establishing a modern enterprise system and reforming the macroeconomic management system. We should perform our work carefully and practically, do a good job in publicizing and explaining reform measures, organizing and coordinating their implementation, and strive to achieve actual results.

In dealing with the reform of the foreign trade and foreign exchange systems, Chen Huanyou said: We should seize this opportune time to open to the outside world in an ever broader scope and more fields and at an ever higher level in order to integrate our economy with the international economy at a faster pace and with better results. We should expand our import and export trade and increase our ability to earn foreign exchange through exports. We should make vigorous efforts to attract investment by foreign businessmen and make more use of foreign funds. Our planned use of foreign funds this year is to increase 30 percent as compared

with last year. Meanwhile, we should vigorously develop our economic and technological cooperation with other countries. We should also build various development areas according to high standards.

Chen Huanyou said: This year we will not follow the beaten track of blindly going after the output value and expanding the investment scale and will put the stress of economic work on the quality, efficiency, and level of high economic growth [gao jing ji zeng zhang 7559 4842 3444 1073 7022]. We should foster the idea that "development is the last word." Enterprises whose exports are marketable and with good economic returns should develop their production as fast as possible, and those which cannot do so should not be forced to do so. Everything should be done according to reality. We should attach importance to scientific and technological progress and the improvement of workers' quality, make vigorous efforts to readjust the economic structure, raise the quality and overall level of economic growth, and improve overall economic results.

On the construction of infrastructural facilities and basic industries, Chen Huanyou said: Jiangsu has made tremendous progress in building key infrastructural facilities and basic industries over the past several years. But there are still some weak links in these regards. This year we should concentrate our efforts on building key projects, optimize the investment structure, and use our limited financial and material resources for such key projects. We should strengthen agriculture as the foundation of the national economy; vigorously readjust the structure of agricultural production; stabilize the production of grain, cotton, and oil-bearing crops; develop export-oriented and foreign-exchange-earning agriculture, as well as village and town enterprises and diversified economic undertakings, and make every possible effort to increase farmers' actual incomes and to promote an all-round development of the rural economy.

#### **Fujian Secretary Discusses Opportunity, Development**

OW1403120994 Beijing XINHUA Domestic Service in Chinese 0303 GMT 13 Mar 94

[Interview with Jia Qinglin, NPC deputy and secretary of the Fujian provincial party committee, by XINHUA correspondents Pu Liye (5543 4539 2814) and Wu Yilong (1566 1150 7893)]

[Text] Beijing, 13 Mar (XINHUA)—At the very moment when he met with these correspondents, Jia Qinglin, NPC deputy and secretary of the Fujian provincial party committee, failed to conceal his excitement, saying: "Premier Li Peng's report has voiced our innermost thoughts and feelings; now, with our development goals even more clearly defined, enthusiasm for work will be further enhanced."

Jia Qinglin stated: The greatest impression after hearing the government report is the necessity to correctly understand and firmly seize opportunities, maintain reform,

obtain a foothold in development, and solidly quicken the pace of establishing a socialist market economic system to ensure a sustained, rapid, and healthy national economic development.

The year 1993 has been a proud year for the people of Fujian. Based on the flourishing economic development experienced over the previous 14 years, particularly 1992, Fujian's national economy continued its rapid and sound development in 1993. With province-wide gross domestic product [GDP] totalling 95.3 billion yuan, a 25.4 percent increase over the previous year, Fujian has realized its goal of quadrupling the 1980 GNP seven years ahead of schedule. During this time, primary industry registered a 7.5 percent growth, secondary industry 41.8 percent, and tertiary industry 19.7 percent. New headway was also made in reform, opening up, and all other social development undertakings.

"As Fujian's development over the past few years has shown, achieving a relatively greater and more rapid development is completely possible." This is Jia Qinglin's pragmatic attitude—full confidence and non-avoidance of questions. He said: Objectively speaking, we faced certain restraining factors in the course of development, such as shortages of funds, lagging transportation, insufficient energy, and the pressure of high inflation. However, on the whole and with favorable factors outnumbering unfavorable ones, Fujian is experiencing rare development.

Jia Qinglin maintained that currently Fujian has at least the following favorable development conditions: First, reform has been accelerated at all levels throughout the province, with the deepening of reform taking root in the hearts of the people. Second, over the past dozen years and more of reform and opening up, the pattern of diversifying major economic sectors has taken shape, while new economic growing points keep on emerging. A greater play of market regulations has injected vigorous vitality into the national economy. Third, opening up wider to the outside world has incessantly strengthened our capacity in international competition and cooperation, thus providing more room for provincial-wide economic development. Fourth, continued heavy investment in fixed assets in recent years; further enhancement of production capacities in energy, transportation, and raw and processed materials; increased incomes for both urban and rural residents; and greater demands for both investment and consumption will certainly further promote sustained, rapid, and healthy economic development.

Turning to the future, Jia Qinglin said ambitiously: In terms of speed, it took Fujian seven years to double its GDP, and another six to quadruple it; judging from the current growth rate and relatively relaxed economic environment, it may take an even shorter period to secure an eight-fold increase. In terms of efficiency, Fujian has been maintaining its national lead in the composite industrial efficiency index in recent years. In light of the development of "high-yield, high-quality,



and high-efficiency" agriculture—which has brought better efficiency as well as gradual and greater reliance on scientific and technological progress for economic development—the province's overall economic efficiency will be further enhanced. As long as we correctly handle relations between reform, development, and stability, and as long as we further tap the potential of speed and efficiency, Fujian will certainly find itself a more rapid and sounder way of economic development.

#### **Xiamen Special Economic Zone To Be Given Legislative Power**

OW1503091294 Beijing XINHUA in English 0857  
GMT 15 Mar 94

[Text] Beijing, March 15 (XINHUA)—Xiamen city, one of China's five special economic zones, will be given legislative power at the ongoing session of the Eighth National People's Congress (NPC).

A draft bill for that purpose is being deliberated by the congress. When it becomes law, it will empower the Xiamen municipal people's congress and its Standing Committee and the Xiamen municipal government to enact laws and regulations for implementation in the Xiamen Special Economic Zone. That means Xiamen will have the same legislative power as a provincial legislature.

Xue Ju, chairman of the NPC Law Committee, made an explanation on an NPC draft decision on the question to the current NPC session.

In recent years, the Xiamen Special Economic Zone has become an important window for developing economic relations with Taiwan and the rest of the world.

Development of Xiamen requires that the special economic zone have the power to enact local laws and regulations, Xue Ju said.

Xue said local laws and regulations to be enacted by the Xiamen People's Congress and its Standing Committee shall follow the country's constitution and the basic principles of national laws and administrative regulations. They shall be submitted for the record to the NPC Standing Committee, the State Council and the Standing Committee of the Fujian provincial people's congress.

The Xiamen municipal government will be empowered to formulate regulations and decrees for implementation in the Xiamen Special Economic Zone.

A motion calling for giving Xiamen legislative power was raised by NPC deputies in 1989 and 1993, Xue said.

Zhang Binsheng, vice chairman of the Standing Committee of the Xiamen municipal people's congress, said the people of Xiamen will treasure and use the power judiciously.

#### **Ren Jianxin Reviews 1993 Judicial Work at NPC Session**

OW1503085694 Beijing XINHUA in English 0830  
GMT 15 Mar 94

[Text] Beijing, March 15 (XINHUA)—Chinese courts at all levels must strictly enforce laws and provide a powerful judicial guarantee for social stability, establishment of a socialist market economy, and a sustained, rapid and sound economic growth, China's top judge Ren Jianxin said today.

Delivering a report on the Supreme Court's work to the ongoing session of the National People's Congress [NPC], Ren, president of the Supreme People's Court, said, "Stability serves as an important guarantee for reforms and economic development."

In 1994, he said, all courts will continue to unswervingly crack down on serious criminal activities and better use judicial means to regulate economic relations and protect the legitimate rights and interests of Chinese citizens, and improve the explanation of new laws.

Reviewing last year's work, he said that, in 1993, Chinese courts tried 3.4 million cases of all kinds, including 400,000 criminal cases, he said.

Courts meted out severe punishment to offenders of such crimes as murder, robbery, rape, explosion, kidnapping and roguery, he said, adding that organized crime was a prime target of the law.

The top judge said that last year courts convicted 230,000 criminals on charges of seriously damaging state security and disrupting public order.

Meanwhile, courts mitigated sentences for, or released on probation, criminals who showed real repentance or performed meritorious deeds in reform through labor, with 230,000 mitigation cases and 33,000 probation cases handled in 1993.

Courts at all levels speeded up the handling of cases involving economic crimes after the government decided to launch an anti-corruption campaign last year.

According to Ren, courts handled 27,463 such cases last year and concluded 27,323 ones. They gave verdicts to more than 22,106 economic offenders, of whom 6,863 were sentenced to prison terms of five years or more, life in prison, death, or death with a reprieve.

He revealed that among the convicted were 69 county-level and seven bureau-level officials.

The top judge said that, in recent years, a number of government employees, including a very small number of officials, have abused their power to commit serious crimes of embezzlement, bribery and diverting public money for personal use, to public indignation.

Courts took as their main punishment target officials committing such crimes who worked in leading bodies of



the Chinese Communist Party and the government, judicial departments, administrative law-enforcement departments and economic administrative departments.

With the growth of a socialist market economy, people's courts are in a better position to regulate economic relations.

In 1993, the number of lawsuits involving economic disputes rose substantially, with many new types of such lawsuits occurring, he said.

Last year courts handled 890,000 such lawsuits of the first instance, up 37 percent from 1992, involving a total amount of 70.5 billion yuan.

Furthermore, with the development of China's foreign trade and marine transportation, the number of cases involving maritime disputes has risen steadily in recent years, Ren said.

In 1993, maritime courts handled a total of 1,830 such cases and concluded 1,607 ones. Courts at all levels also concluded 1,311 economic cases involving foreign nationals or residents from Hong Kong, Macao and Taiwan.

Ren Jianxin said that in handling cases involving foreign parties, Chinese courts adhere to the principle of safeguarding national sovereignty, fully exercise China's jurisdiction, and protect, on the basis of equality, the legitimate rights and interests of both Chinese and foreign parties involved in accordance with international treaties signed or acceded to by China and by taking reference to internationally accepted practices.

"The prompt and proper trial of such cases is conducive to improving China's investment environment and to promoting foreign economic cooperation and trade," he said.

He said that, in 1993, Chinese courts attached greater importance to protecting the legitimate rights and interests of citizens and legal entities by various judicial means, and handled large numbers of cases involving the right of person and property rights.

Last year courts handled 2.08 million civil cases of the first instance, 61 percent of the total number of all types of cases of the first instance.

Of these handled, there was a sharp increase in the number of cases involving divorce, personal reputation, honor, nomenclature, name and portraits, disputes over labor contracts, wages, insurance, welfare and labor protection, debt, land development, housing sales and real estate mortgage.

Meanwhile, courts also re-tried a total of 73,121 criminal, civil, economic, administrative, civil and maritime cases that had been given verdicts since 1949, he said.

They changed verdicts for 14,271 cases that had been proven to be incorrect, he added.

### **Tian Jiyun: Economic Legislation Remains Priority of NPC**

*OW1503082494 Beijing XINHUA in English 0750 GMT 15 Mar 94*

[Text] Beijing, March 15 (XINHUA)—China's National People's Congress (NPC) and its Standing Committee will give first priority to economic legislation this year in an effort to establish a legal system for a socialist market economy in China.

Vice Chairman of the NPC Standing Committee Tian Jiyun made the remark when delivering a work report of the NPC Standing Committee here today.

He said, as China has instituted this year more reform measures than before, it is necessary to guide, promote and guarantee reforms with law. This calls for accelerating legislation, especially economic legislation.

The five-year tenure of the eighth NPC is an important period for China to establish a socialist market economy and realize the second-phase goal of the modernization program. The NPC Standing Committee has worked out its work priorities in accordance with the general situation and tasks of the state: under the guidance of the theory of building socialism with Chinese characteristics and the basic line of the Communist Party, to take the strengthening of a socialist democratic and legal system as its fundamental task, further improve the people's congress system, ensure enforcement of the Constitution and law, and push forward the development of a socialist market economy.

In the past year, the NPC Standing Committee formulated, amended and adopted 21 laws and law-related decisions, including 13 relating to a socialist market economy, setting a record in legislative work. In addition, it approved 17 treaties, conventions and agreements signed with foreign countries or acceded to by China.

During the year, the NPC Standing Committee and the special committees assigned 37 inspection groups to examine the enforcement of 18 laws. At the same time, the Standing Committee heard and deliberated work reports on finance, foreign trade, education, anti-corruption and civil aviation submitted by the State Council, relevant departments, and the Supreme People's Procuratorate.

Tian noted that raising motions and suggestions is an important form for deputies to exercise their right to administer state affairs and help state organs accept people's supervision and improve their work.

At the first session of the eighth NPC last year, deputies put forward 611 motions. Ninety-three of the motions have been submitted to special committees for deliberation. Most of them relate to legislation. The remaining 517 motions were handled as suggestions and criticisms, and together with 2,325 pieces of suggestions, have had responses from relevant departments.

Development of exchanges with foreign parliaments is a component of state foreign affairs as well as an important task for the Standing Committee. In the past year, delegations headed by the chairman or vice chairmen of the NPC Standing Committee visited 26 countries, while the Standing Committee received visiting delegations of 37 parliaments or international parliamentary organizations.

#### **Li Lanqing Discusses Education With CPPCC Members**

OW1403154394 Beijing XINHUA in English 1455  
GMT 14 Mar 94

[Text] Beijing, March 14 (XINHUA)—Vice-Premier Li Lanqing said today the fundamental way to enable China's education to meet advanced international standards lies in carrying out reforms.

Speaking to members of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), Li stressed the need to readjust the educational structure in line with the needs of a socialist market economy.

To this end, it is necessary to greatly improve basic education and vigorously develop vocational education in both urban and rural areas, he told a forum attended by CPPCC National Committee members.

Higher education should focus on improving teaching quality and running universities and colleges better, he said.

The vice-premier also emphasized the importance of research and teaching in basic science.

Li Lanqing also noted that universities and colleges must properly handle relations between development and stability.

He also appealed to mass media organizations to publicize the teachers law and make sure that local authorities do practical things for teachers.

#### **Qiao Shi on Strengthening Democratic, Legal System**

OW1403144694 Beijing XINHUA in English 1429  
GMT 14 Mar 94

[Text] Beijing, March 14 (XINHUA)—China would continue to strengthen the building of its democratic and legal system by "speeding up legislation in the spirit of reform," China's top legislator said here today.

Qiao Shi, chairman of the National People's Congress (NPC) Standing Committee and a member of the Political Bureau Standing Committee of the party Central Committee, said that at present more laws are being formulated to govern and ensure the smooth advance of the country's reform, opening to the outside world and establishment of a socialist market economy.

Qiao made the remarks in a group discussion of the Inner Mongolia delegation attending the ongoing session of the eighth NPC.

Qiao admitted that China's legislation lagged behind social and economic development despite noticeable achievements made over the past 15 years. Legislation should be speeded up to keep pace with development of the socialist market economy, he added. Qiao also called on local people's congresses to formulate more regulations in line the constitution and state laws.

People's congresses at various levels and their standing committees have the responsibility to supervise the work of governments and courts and procuratorates, Qiao said, adding that the ongoing deliberation of the government work report by deputies is not only a form of supervision but also a exercise of democracy.

In his speech Qiao also touched China's system of establishing minorities autonomous regions and economic development in areas densely populated by minority people.

Inner Mongolia Autonomous Region is a region with good unity among different ethnic groups. The autonomy system introduced since the founding of New China has proved correct and conforms with China's conditions and also accords with the common wishes of the people and their fundamental interests. The system has helped boost local economies and retain ethnic cultural and tradition which are the common wealth of the Chinese nation. The Chinese nation should carry forward the good tradition of maintaining national unity and safeguarding the national unification, he said.

On regional economy, Qiao Shi said that Inner Mongolia has witnessed great progress politically, economically, culturally and in terms of national unity over the past 40-odd years. And the region could make full use of its rich resources and take advantage of the good relations among various ethnic groups to strive for greater achievements.

Qiao Shi expressed his appreciation of deputies' clear understanding of and support to the general task of correctly handling the relations between reform, development and stability, which is the theme of the session. Every reform measure has undergone meticulous consideration before it is put into effect, Qiao said, adding the measures would also be improved in implementation.

China's reform began from the coastal areas to gain experience and then proceeded to expand to other areas because of China's uneven development. Historically, the inland areas had been comparatively underdeveloped. However, so long as these areas give full play to their advantages, their gap with the coastal areas would be narrowed and common prosperity would finally be realized.



**Li Ruihuan Criticizes 'Empty Talk' Over Effective Work***OW1403143194 Beijing XINHUA in English 1332 GMT 14 Mar 94*

[Text] Beijing, March 14 (XINHUA)—A top Chinese leader poured scorn on empty talk and called for efforts to seek real effects through measures that really work.

"In the past we sometimes didn't do things correctly, not because our direction was wrong, but because we didn't have measures that really worked," said Li Ruihuan, chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC).

"Bragging, empty talk, erroneous talk having a semblance of correctness, and talk that is not mistaken but useless are all the 'evil habits of the cultural revolution' and must be done away with resolutely," he said at a group discussion by Tianjin deputies to the National People's Congress now in session in Beijing. Li once worked in Tianjin as mayor.

The central authorities have worked out major policies and principles, and the key issue now is to study measures that really work and pay attention to real effects in their implementation, said Li, who is also one of the top seven leaders of the Chinese Communist Party.

"Studying measures that really work means doing away with tricks—measures that are hollow, flowery, sham or heretical; it means coming up with methods which really solve problems; paying attention to real effects means assessment of work on the basis of real results instead of lip-service," he said.

Li said, good measures come from a correct understanding of facts and a scientific summary of people's experience. Therefore, leaders at all levels must go to grassroots units, make thorough investigations, understand people's feelings, respect people's initiatives, pool people's wisdom, combine policies and principles with local conditions, and put forward concrete measures and effective methods.

"The desire to achieve real effects should become the point of departure, goal and criterion of our work," he said.

"Only by concentrating our time and energy on the study of problem-solving measures and the achievement of results can we overcome difficulties and make progress," he said.

**Tian Jiyun, Others Deliberate Work Report***OW1403141194 Beijing XINHUA Domestic Service in Chinese 1452 GMT 13 Mar 94*

[Text] Beijing, 13 Mar (XINHUA)—The various delegations attending the Second Session of the Eighth National People's Congress [NPC] held plenary meetings this morning and group meetings this afternoon to continue deliberating the government work report.

Focusing on the task of making package improvements and breakthroughs in key areas in the reform of the economic structure for 1994, the deputies discussed in depth the relevant issues. They pointed out that it is necessary to concentrate more on reform; to pay attention to careful organization and overall coordination; to unite as one; and to work creatively so as to ensure essential progress for our reform this year.

Some leading comrades from the CPC Central Committee, the NPC Standing Committee, and the State Council participated in the discussion meetings of some of the delegations today. They joined the deputies in deliberating the work report and listened to their opinions and proposals. Vice Chairman Tian Jiyun; Wen Jiabao, alternate member of the Standing Committee of the CPC Central Committee Political Bureau; and State Councillor Song Jian focused on agricultural production when they expressed their opinions while participating in the discussion meetings of the Jilin, Gansu, and Jiangsu delegations respectively. Tian Jiyun stressed: There will be overall stability only when there is stability in agricultural production and stability in the countryside; only when there is overall stability can reform in various areas be smoothly implemented and can development be promoted. People throughout the country, both at the top and at lower levels, must take agricultural development as a task of prime importance. Wen Jiabao stated: We must conscientiously implement the guidelines of the Third Plenary Session of the 14th CPC Central Committee and those of the central conference on rural work; must stabilize and improve the party's basic policies for rural areas; must deepen rural reform; must ensure the implementation of various policies; and must further enhance the enthusiasm of the peasants by promoting rural economic development, by increasing peasants' income, and by promoting rural stability. Song Jian stressed: We should regard agricultural production as our basic strategy and pay particular attention to developing agriculture by relying on science and technology.

After hearing remarks by deputies from the Inner Mongolian delegation, Vice Premier Li Lanqing pointed out: This year's reform covers a broad spectrum and is very intensive. Time is pressing. This requires governments at all levels to effectively handle relations between reform, development, and stability while practically and realistically resolving problems appearing in the process of reform. Taking part in the Gansu delegation's discussion and deliberation, State Councillor Li Tieying said: Although there is quite a gap in the level of economic development between China's eastern and western regions, their understanding of reform and their efforts to accelerate reform should not differ. Accelerating reform and exploring new ideas suitable to the western region's development constitutes the fundamental approach to revitalizing the region's economy and narrowing the gap between east and west. Speaking at a meeting of the Liaoning delegation, Vice Premier Zou Jiahua paid special attention to the technological transformation of large and medium-sized enterprises. He



suggested we must have a sense of urgency on this issue, undertake work every year, and make constant efforts to achieve technological progress and meet market demands. Ren Jianxin, member of the Secretariat of the CPC Central Committee, said at a meeting of the Shanxi delegation that effective measures must be taken to safeguard and ensure public order and social stability.

Taking part in the Taiwan delegation's discussion and deliberation, Vice Premier Qian Qichen said: Peaceful reunification of the motherland is the common aspiration of all Chinese people. Any attempt or act to divide the motherland, no matter in what form, runs counter to the fundamental interests of the Chinese nation and is doomed to failure. He added: As long as people on both sides of the Taiwan Strait join hands to develop relations, the great cause of peaceful reunification of the motherland will surely be realized at an early date.

The reform programs to be launched by the state this year are greater in number and magnitude, broader and deeper in scale, and more difficult than those carried out previously. Therefore, deputies from various provinces emphasized: We must dare to make reforms and must seek ways for advance, coordinating efforts to effectively implement and publicize reform programs to ensure the achievement of concrete results.

Shandong delegate Jiang Chunyun stressed the need to devote more energies to studying, promoting, and carrying out reforms to ensure the smooth implementation of the central authorities' various reform programs. To this end, he said, we should pay particular attention to work in the following three aspects: First, we should further emancipate our minds and seek truth from facts, seeing to it that the thinking and concepts of cadres at all levels conform with the requirements for the establishment of a socialist market economic structure. Second, we should enhance our awareness of the overall interests and correctly handle the relationships between individual and collective, local and national, and current and long-range interests. Third, we should fully mobilize and harness the enthusiasm and creativity of the broad masses of people in reform. Guangxi delegate Zhao Fulin stated: We must fight an all-out battle because many of the reform programs already launched this year involve changes in ideology and concepts, innovations of system, and readjustment of interests. Hence, he called for courage and determination to overcome difficulties in reform, adding that people at higher and lower levels must work with one mind, consider the overall situation, and observe discipline. Henan delegate Li Changchun said: In brainstorming this year's reform programs, we must promote package reforms in the five areas of the establishment of a socialist market economic structure, while simultaneously achieving breakthroughs in the two key areas of microeconomic market foundation and macroeconomic market system. Therefore, leaders at all levels should pay keen attention to promoting reforms, correctly handling the relationship between local and national interests, and earnestly implementing various macroeconomic regulatory and control measures.

Jiangsu delegate Shen Daren said: In the course of introducing various reform measures, leaders at all levels should pay keen attention to investigations and studies, constantly keep abreast with new circumstances, promptly solve new problems, and earnestly summarize and popularize good experiences so as to promote reforms in a prudent and down-to-earth manner.

Many delegates stated views on specific reform programs. Sichuan delegate Guo Daiyi said the only way for invigorating large and medium state-owned enterprises lies in deepening reform, pointing out: First, we must straighten out the relationship between the enterprises and the state with regard to ownership; second, we must clearly define the relationship between the government and enterprises; third, we must reduce the financial burden the enterprises have to bear in supporting social undertakings; and fourth, we must establish mechanisms for the enterprises to exercise scientific management and raise economic efficiency. Stressing the need to accelerate reform of the financial system, Henan delegate Zhao Bingshen said: First of all, financial system reform must be synchronized with the transformation of the operating mechanisms of enterprises; second, it is necessary to standardize management systems while continuing to rectify financial order; third, it is necessary to go all out to pool funds lying idle in society to meet the demand of funds for economic growth; fourth, it is necessary to adhere to the policy of stressing efficiency and repayment capability in issuing loans; and fifth, it is necessary to increase efforts to transform specialized banks into commercial banks.

#### **Office Spokesman Views Law on Taiwanese Investment**

*OW1403132294 Beijing XINHUA in English 1243 GMT 14 Mar 94*

[Text] Beijing, March 14 (XINHUA)—The spokesman of the Taiwan Affairs Office of the State Council said today that the enforcement of the law on the protection of investment of Taiwan compatriots will promote the economic and trade exchanges between the mainland and Taiwan.

In his comment on the law approved by the Sixth Session of the Standing Committee of the Eighth National People's Congress (NPC), Li Qingzhou, the spokesman of the office, noted that the law will further strengthen the confidence of Taiwan compatriots in investing in the mainland.

He said that the law, the first of its kind in the country, is significant in the economic and trade relations between the mainland and Taiwan and it marks an improvement of the mainland's protection of the investments of Taiwan compatriots.

In recent years, with the progress of the relations across the Taiwan Straits, the economic and trade relations between the two sides have become closer.

He said that Taiwan compatriots' investments in the mainland are on the increase.

In 1992, projects funded by Taiwan compatriots and investments in them exceeded the combined sum for past years.

In 1993, the number of newly-approved Taiwan businessmen-funded projects reached more than 10,000 and the contracted investment funds were more than 10 billion yuan.

He noted that investments from Taiwan compatriots have not only played an important role in economic development on the mainland, but also have become one of the important factors in promoting economic growth in Taiwan.

The spokesman stressed that the central government in China has always attached importance to the protection of the legal rights of Taiwan compatriots regarding mainland investments and has adopted preferential policies for such investments.

In 1988, the State Council issued the regulations on encouraging Taiwan compatriots to invest.

He said that the "law on the protection of investment of Taiwan compatriots" was based on the regulations and absorbed the suggestions from Taiwan compatriots and related sectors in Taiwan.

The spokesman said that his office will make efforts to encourage localities to enforce the law.

He said that the related authorized non-governmental organization is also willing to hold talks with its Taiwan counterpart on the question of the rights and interests of Taiwan businessmen on the mainland.

He stressed that it is a general trend to enhance the economic and trade exchanges and cooperation across the Taiwan Straits and that the Chinese Central Government has always actively promoted economic and trade cooperation between the two sides.

He noted that the law passed by the NPC Standing Committee shows the sincerity of the central government in this aspect.

He called on Taiwan authorities to remove the obstacles to Taiwan compatriots' investing in the mainland.

#### **Song Jian Discusses Agriculture With Jiangsu NPC Delegation**

*OW1403123194 Nanjing Jiangsu People's Radio Network in Mandarin 2300 GMT 13 Mar 94*

[Report by special correspondent (Sun Jie); from the "News" program]

[Text] While attending the Jiangsu Delegation's deliberation of the government work report on 13 March, State Councillor Song Jian said: We should put agriculture in

a strategic position and conscientiously apply science and technology to develop it.

Praising Jiangsu's achievements in various fields of endeavor, Song Jian stated: During the Spring Festivals I have spent in Jiangsu over the past two years, I witnessed its rapid development, which was very heartening. All provincial, city, county, and township cadres followed a clear ideology, adopted effective measures, and scored remarkable achievements. The economy has been thriving in many localities. Last year, Jiangsu's provincial gross product increased 18.5 percent, or 5.1 percent more than the national growth rate. This remarkable feat explains the brilliant performance of the provincial party committee and provincial government. Moreover, Jiangsu adopted realistic measures in promoting development, such as efforts to minimize the use of crop lands in establishing economic development zones. By relying mainly on its resources, cadres, and people, Jiangsu has taken its own road of development with distinctive Chinese characteristics.

Song Jian discussed agriculture at length. He said: By the CPC's centenary in the next century, our population will probably reach 1.6 to 1.7 billion. To feed such a large population, we must increase the output of grain and farm products by 50 percent over the current level, thereby catching up with intermediate developed countries. To this end, we must imbue ourselves with a sense of urgency in developing agriculture. Due to various reasons, we did not pay sufficient attention to agricultural science research. From now on, we must further uphold the policy of relying on policies first, investments second, and science and technology third when developing agriculture. Governments at all levels should give top priority to agricultural basic research and development, and should increase investments in these areas. This will be crucial to scaling new heights in agricultural production over the next few years. Only a developed agriculture can support the nation and maintain sustained development and stability.

Underscoring the importance of popularizing agricultural science and technology, Song Jian added: We must grasp the work with two hands. On the one hand, we should allocate all-level financial resources to steadily popularize agricultural science and technology; on the other, we should develop and nurture new mechanisms for popularizing science and technology through innovations by the masses and in line with the requirements of a socialist market economy. He praised some localities for popularizing science and technology through integrating production, supply, and marketing; establishing associations of special trades; and introducing shareholding cooperative systems.

Discussing ways for implementing large-scale management in rural areas, Song Jian stated: We should encourage diversification and multi-polarization instead of practicing a single mode and demanding uniformity. On the issue of readjusting farm product prices, he said: Rural prosperity depends to a large extent on the prices



of farm products. However, in the long run price hikes alone cannot promote prosperity. At the core of the issue is to increase rural labor productivity. All sectors of society should make more contributions to promoting high-tech in rural areas in order to facilitate the production of high industrial goods and gradual agricultural modernization.

**Dissident Shao Jiang Sends Open Letter Urging Democracy**

*HK1503101594 Hong Kong AFP in English 0914 GMT 15 Mar 94*

[Text] Beijing, March 15 (AFP)—Dissident Shao Jiang has sent an open letter to Chinese leaders calling for political detainees' release, press freedom and respect for citizens' rights. A copy of the letter dated March 12 was received by the foreign press in Beijing Tuesday [15 March]. Shao, who became famous during the 1989 student demonstrations in Beijing, sent the letter to Deng Xiaoping, President Jiang Zemin, Prime Minister Li Peng and delegates meeting at the National Peoples' Congress in the capital.

Shao's was the third open letter sent to Chinese leaders by democracy advocates within one week, in what some observers see as the most serious challenge to Chinese authorities since the 1989 demonstrations. The letter denounced "corruption, social disorder, the economic imbalance between the interior of the country and the coastal regions, inflation and unemployment."

Shao also wrote that it was "important now to create a good social environment for the development of China." He called for "the liberation of all persons detained for their beliefs," "the halt of violations of dissidents' rights as citizens," the "suppression of points of law concerning beliefs," and "freedom of the press."

The dissident also asked that the public be informed of the "assets possessed by the (communist) party and state officials" and that the government "open a dialogue with all Chinese on society's problems." Shao's letter also demanded "official explanations of the deaths of June 4, 1989" when the military crushed demonstrations in Beijing. Officially, some 300 persons were killed in the capital, but according to most witnesses, the crackdown caused more than 1,000 deaths.

Shao, 24, is a mathematician. After the Tiananmen events, he spent 18 months in prison and was released in February 1991. He was questioned March 2 in Beijing and interrogated for 24 hours in a campaign of intimidation launched by police against dissidents.

Wang Dan, one of the 1989 Beijing student leaders, sent an open letter March 10 to NPC delegates calling for a debate on human rights. The same day, seven intellectuals sent another open letter demanding "the liberation of all citizens imprisoned because of their speeches or

their ideas." Among signatories was professor Xu Liangying, 74, a long-time defender of individual liberties.

On March 8, the militant democrat Liu Nianchun officially requested to register an independent workers' union, called the League for the Protection of Working People, which claims to unite some 120 signatories.

**Han Dongfang, Labor Situation Profiled**

*HK1303064894 Hong Kong SOUTH CHINA SUNDAY MORNING POST (SUNDAY MORNING POST MAGAZINE) in English 13 Mar 94 pp 8-12*

[By John Colmey]

[Text] One day last week, 1,000 copies of the first edition of the China Labour Bulletin were smuggled from Hong Kong to Beijing. They were also carried to factories across the mainland from Guangzhou to Shanghai to Wuhan. They will be photocopied and faxed and quietly passed from person to person until thousands of workers have learned about the strike at Shanghai's first Taiwan-funded department store on January 7, the 550 million yuan (about HK\$488 million) claim in back wages owed to miners in Heilongjiang, the pitiful compensation paid to families of the 84 people killed in the fire at the Hong Kong-owned Zhili toy factory in Shenzhen, and about the need for free trade unions. Eventually, a copy will fall into the hands of the Ministry of Public Security whose officers will pore over every word. They are going to be upset when they read it. But they will be positively incensed when they learn the author is someone they know and fear—exiled labour activist Han Dongfang.

Anywhere else, Mr. Han's 20-page monthly publication would not even be noticed. The word "democracy" is not even mentioned. There are no calls for the overthrow of the regime, peaceful or otherwise, or even talk of opposing the Chinese Government. Most of the text is taken from official government sources.

But China is in the throes of a potentially violent succession. Paramount leader Deng Xiaoping, whose economic reforms have produced some of the fastest economic growth in history, is ailing and his conservative opponents are already preparing an offensive. In the midst of it all, labour unrest among the country's 300 million workers is rocketing. As Mao Zedong once said, a spark can inflame the whole plain. Mr. Han could become that spark.

"The Government forced me to do this," Mr. Han said in his studio apartment on Lamma island where he produced the bulletin, "because they won't let me go back to China."

Until Mr. Han was expelled it would have been an exaggeration to call the young, uneducated, former railway worker from Beijing the "Lech Walesa of China". But now that does not seem so far-fetched. Mr. Han met privately with United States President Bill



Clinton last year and has testified before Senate hearings to decide whether the U.S. should extend China's Most Favoured Nation (MFN) trading status. The 155 members of the International Federation of Free Trade Unions, who gave Mr. Han the laptop computer he used to produce the bulletin, have adopted him as their favourite son.

And that was also before CNN, the BBC and most of the world's newspapers ran lead stories about Mr. Han's arrest in a Guangzhou hotel room last August and his subsequent expulsion from China for "issuing anti-Government speeches" to international audiences. "Originally, his scope of activity on the mainland was limited because people were afraid to identify with him," said Lee Cheuk-yan, president of Hong Kong's Confederation of Trade Unions. "But after Beijing threw him out, he has become very important in world politics and famous within China. President Clinton was right to meet him."

Mr. Han was in the headlines again last week when the Ministry of Public Security began rounding up labour and democracy activists across the mainland, including Mr. Han's lawyer and friend, Zhou Guoqiang. The two men spoke on the telephone just before his arrest, as they have done a couple of times a week over the past months. Journalists, analysts and human rights activists all looked to Mr. Han for answers. Is this the beginning of conservative offensive? Is it a message to the U.S. to stop meddling in China's internal affairs?

"I tend to agree with Han Dongfang," Chinese University law professor Michael Davies said. "Things are getting out of control on the labour front and they wanted to send a message to them. As we get closer to the MFN vote, the Government can throw tidbits to the U.S. by releasing them. But you have to look toward labour unrest."

Mr. Han gave a similar message to U.S. Under Secretary of State for Human Rights, John Shattuck, when the two met in Hong Kong last Saturday. "I told him the MFN issue is closely related to labour relations in China," Mr. Han said.

"Workers are treated like slaves and labour unrest is increasing. U.S. businessmen are investing in a very vulnerable investment environment," Mr. Han told Mr. Shattuck. "He told me that, based on his visit, he had not seen progress or anything that would justify passing MFN. He said without any future improvement, it would lead to very significant consequences."

Mr. Han left for the United States on Thursday. Although it is likely there will be more requests for interviews awaiting his arrival, his reasons for visiting are nonpolitical. "I'm going to the U.S. to visit my family," he said. "I hope to persuade them to come to Hong Kong."

It has been several months since he last saw his wife, Chen Jingyun and his 15-month-old son Linfeng, now

living in New York where his son was born. It would have been difficult to bring them here before now. Since Governor Chris Patten intervened to allow the labour leader to stay in Hong Kong—much to the chagrin of China—Mr. Han has moved six times. He did not have a job and had to depend on donations from friends and labour unions to get by. The Christian Industrial Committee, and its director, legislator Lau Chin-shek, gave him his present job as editor of the China Labour Bulletin. That led to an employment visa to stay in the territory. The committee is part of the Hong Kong Christian Council.

Like many of China's dissidents who took part in the Tiananmen Square protests in 1989 and managed to live through prison afterwards, Mr. Han, 30, is mature for his age. A quiet, friendly man with a quick sense of humour and almost majestic demeanour, he lives alone in his small \$3,500-a-month studio on Lamma, just up the hill from the Yung Shue Wan ferry terminal. A small balcony overlooks the sea. Papers and books are strewn around the floor and dirty clothes are piled on one of two chairs.

There is a no-smoking sign on the door, a reminder of the tuberculosis that he contracted in prison. U.S. pressure, and China's fear he would die in prison, eventually led authorities to release him on medical grounds and allow him to travel to the U.S. for treatment, provided free of charge by Columbia University's College of Physicians and Surgeons and its doctors. Although surgeons had to remove a quarter of his left lung, he says the disease is in remission. When Mr. Han is not writing, or calling his contacts in China—"he's always on the phone," says a friend—he takes walks in Lamma's hills, remembering harsher times and people, such as the prison doctor who tortured him with acupuncture needles. "At least he said he was a doctor," he says, laughing, then adds ruefully, "I still feel the numbness in my legs."

Mr. Han never set out to be an international labour leader, but he admits he was always "active". He was born into a poor family in an impoverished farming village of 2,000 people, called Nanweiquan, about 700 kilometres from Beijing. His father, who still lives there, was a peasant on a collective farm, his mother, who died in 1988, was a babysitter. She left her husband for Beijing while she was still young and, except for a few years when they returned during the Cultural Revolution, Mr. Han grew up in Beijing. "We were part of the great proletariat," he says of his family. "We were very poor."

Mr. Han had his first run-in with authority when he joined the army, on his mother's advice, in 1980 when he was 16. Although he failed in his studies, he was a good soldier and became a squad leader. He fired his first verbal salvo at the state when he stood up at a troop-reviewing ceremony. "My men's main problem is food," he announced as officers began to cringe. "The officers are stealing a third of our food allowance. This is in direct contravention of Chairman Mao's line that

officers and men are equal and must share both sufferings and good times." The next day, his superior commander tore up his application for the Communist Party.

And yet, two years later, he was accepted in the prestigious Communist Youth League. "People always thought I was a good boy," he says. "They were wrong." He says he applied to be a party member "because I thought communism was a worthy ideal". But by then he was working for the railway as an electrical repairman on a refrigerator car, and gradually became disenchanted with the state as an employer. He stopped going to Youth League meetings and in 1986 withdrew his membership over the objections of the leadership. "They wanted to make me a member of the propaganda committee."

The event that put him firmly on the road to becoming what China sees as a counter-revolutionary happened in 1988 when his mother was dying. At the time, Mr. Han was traveling most of the year and asked for a one-month shift in Beijing to be near his mother. His unit leader, who had marked him as trouble, refused but eventually agreed if he would give up one month's pay. "I went to the union and they told me they couldn't do anything because they worked for the same leader," he says. Mr. Han went to the next highest leader and was again told no.

"I started screaming at him and almost punched him in the nose," he says. "I told him, since my mother was dying anyway, I would take it to the congress of employees (an annual meeting of all the railway workers). After that he let me take the Beijing shift."

"I learned then I had to count on myself. Before that, I trusted my leaders and, to a lesser extent, the union. After that, I knew I had to take a stand and be uncompromising in my stance," he said. "Being meek and mild would get me nowhere. I had to fight."

Mr. Han got his chance a year later on April 16 when he went to Tiananmen Square with his wife, and listened to the student speeches. "The feelings didn't come from the students but from myself. I had seen enough injustice in my own life and all around me and grew up in such poverty. Finally all my thoughts and feelings unfolded. I thought this country has very serious problems," he remembers. "All the grievances and the injustices that had been accumulating over the years had reached a point of explosion. I couldn't imagine what would happen."

What happened next, both in Tiananmen Square and to Mr. Han, is well documented in the book *Black Hands of Beijing*, by Robin Munro, the head of Asia Watch in Hong Kong, and George Black. After eventually joining the Beijing Autonomous Federation of Workers, within one month Mr. Han became well known for his speeches trying to unite the students and the workers. After the June 4 crackdown, he went into hiding but eventually turned himself in when his picture appeared on television as one of the three most wanted workers' leaders. After 22 months in jail without trial, he was eventually

released when it appeared he was about to die. A year later he went to the U.S. for treatment.

Mr. Han's rise to the world stage is at least partly due to increasing labour unrest and to Beijing's desperation to keep a lid on it. According to Hong Kong-based French sinologist Jean-Phillipe Beja, Beijing has to contend with two different groups of labourers. The first are the estimated 120 million urban dwellers who have official status as workers. Most of them labour in the factories and survive on the "iron rice bowl"—guaranteed pay and benefits for government employees—or used to. They fall under the leaky umbrella of the state union, the All China Federation of Trade Organisations.

The second and larger group is the roughly 180 million workers in the special economic zones, private companies and rural cottage industries—"the artisans of the so-called Chinese miracle," Mr. Beja says. "These are the peasants and farmers on the move, who have no official status and are not considered workers. People usually talk about them at Lunar New Year and then forget about them. These are also the people who died in the Zhili toy factory and the Taiwan-funded Gaofu Textiles factory in Fuzhou."

The Chinese Government's biggest worry, however, has been how to keep urban labourers happy in the state enterprises, most of which are bleeding money. The recurring problem has been how to close them down when there is no safety net for the laid-off workers. Beijing's solution to keeping them content was to implement what Mr. Beja calls the "half lay-off". If you have a couple, the man might continue working in the factory while the wife was allowed to open a small business, such as a restaurant, but she would still receive 70 per cent of her pay.

"The Government encouraged this as a cushion for inflation," Mr. Beja says. "This worked for a while. But then last year Beijing began to print money to cover its debt. Then they didn't have enough to pay the workers."

Mao's army suddenly found they were being asked to work longer shifts with less and less to show for it. The China Labour Bulletin gives an example of a union investigation into wages among mining, forestry and textile industries in Heilongjiang. They found that employees in 10 cities were owed 2.66 billion yuan. About 70 per cent had received their cheques three to six months late, and even then wages had failed to keep up with inflation. Benefits had also been cut.

"In theory, when a worker pays a medical bill he goes to the factory to be repaid," Mr. Han says. "Now when he goes to the unit leader, the leader says the factory doesn't have any money."

Mr. Beja said some union representatives at first tried to defend labour rights, but found themselves in an increasingly awkward position because they also worked for the state. "Eventually they had to take a stand against the workers," he says. "Management even tried to get money



for them, but they just couldn't do it. They had to take a stand too." Mr. Beja says this has caused a huge dilemma for the leadership. Reformers argue that the answer is to introduce shock therapy as was done in Poland and Russia. Conservatives say that the workers will revolt. And anyway, they argue, surely the party is supposed to represent the labourers. As a result, nothing is being done. "The Government is in a very embarrassing situation."

But the sanctioned proletariat has it easy compared to the peasants in the cottage industries, who earn about half the pay of the state employees. "A Chinese worker in a private factory earns about US\$20 a month," Mr. Han says. "Prisoners make US\$1 a month. It's not that different."

Unofficial workers are badly exploited and often work in terrible conditions. "Those people really depend on the open market economy," Mr. Beja says. "No one looks out for their interests." Although the Government says there are laws in place to protect workers, you would never know it by visiting a Chinese factory.

For example, it is against the law to have what is known as three-in-one factories, where the plant, warehouse and sleeping quarters are connected. However, you find them all along the southeast coast, and many belong to Hong Kong companies, including the Zhili factory where 84 people burned to death when they found themselves locked in their dormitory.

The dilemma facing Beijing is that China's greatest attraction is its cheap and unregulated labour force. But workers are getting tired of waiting for the benefits of the reforms to trickle down. Last year, the number of strikes and walkouts began to increase. The Government's response was to crack down.

According to an Asia Watch report on political dissidents, released last month, the number arrested in 1993 was the highest since the post-Tiananmen roundup. Outside of Tibet, arrests of labourers began to race ahead of political dissidents. "Workers were given the stiffest sentences," Mr. Munro says. "The Government is vigilant about a solidarity-type movement."

According to Mr. Han: "These problems have always been there, but have become more visible and worse under Deng's reforms. Before, only the state had the power to exploit workers. But with the reforms, entrepreneurs and foreign investors also have that freedom. It's like frosting on the snow." Under normal circumstances, he says, workers could complain to an independent union. "But in China, the union is paid by the state," he says.

He says China has never understood the role of unions in releasing pressure on labour tensions. In 1947 there were two unions. One belonged to the nationalists, who used the unions to maintain power, the other belonged to the communists, who used the unions to take the power away. "They don't understand that unions don't have to

threaten the state. But the Government is confused about its role. In most cases it used to be the employer, but it is not any longer. If it understands its role is to mediate, it can remove itself from this mess. If not, the Communist Party will destroy itself."

That is where Mr. Han comes in. He says if things keep going like they are, the result could be a "violent explosion". If the Government faces an economic crisis, they may have to further undercut the well-being of the workers. That could lead to a mass uprising in the streets, in which no individual or group will be responsible. "We don't want to see it happen. Because another uprising will lead to suppression, which means violence, brutality and chaos. And that won't lead us anywhere."

Mr. Han believes the only answer is for the Government to introduce free trade unions.

That is what he hopes to make workers realise with his bulletin. Unlike other activists, he says, he will never suggest that anyone oppose the Government. "Everything must be done within the law." However, that is what Mr. Han told his interrogators in 1989 to no avail. As he wrote in his appeal upon his parole: "I am here repeating what I have said many times. As a Chinese citizen, the constitution gave me the right to associate with others and speak my mind."

Of course his bulletin should also be protected by this "constitutional right" but, if he were allowed back into China, he would almost certainly be arrested.

Perhaps what is most astonishing is that Mr. Han is still trying to go back. Before his lawyer was picked up last week, he was in the process of filing yet another appeal against his expulsion. While most people will say he is crazy, Mr. Beja says he represents the attitude of younger workers: "They are threatened by the reforms and they have absolutely no way to protect themselves. If there is a market economy, everyone is against you." As to Mr. Han's wish to return, Mr. Beja says: "He thinks that to make things advance, you need to sacrifice. Some people just don't care."

"I won't give up my determination to go home," Mr. Han says. "Maybe they will put me in prison, maybe even kill me. But I don't want to be the first Chinese to be thrown out of his own country. If I stop, they will kick the others out one by one."

#### **Dissident's Detention Said Endangering Health**

HK1503061094 Hong Kong SOUTH CHINA  
MORNING POST in English 15 Mar 94 p 9

[By Daniel Kwan and Willy Wo-lap Lam]

[Text] The health of one of China's most revered dissident intellectuals is said to be in danger because he has been kept under house arrest since Thursday. Xu Liangying, who last week initiated a petition to the authorities to free all political prisoners, said yesterday he was



suffering from heart disease and he needed to go out to replenish his medical supplies.

After American Secretary of State Warren Christopher departed yesterday the authorities in Shanghai freed two activists, Yang Zhou and Wang Fuchen. The two expressed worries they might be subjected to "police harassment" any time the authorities saw fit.

Speaking in his Beijing apartment, Mr Xu, 74, an internationally known historian of science said there were still around 20 policemen in his compound. "They have started letting my friends come in to see me," Mr Xu said. "But this morning when my wife and I wanted to go out to take a walk, the police stopped us." Mr Xu said police gave him no indication when his house arrest would end. "I have had heart disease for some time, and I have taken extra doses of medicine the past few days," he said. The scholar said it was lucky that two staff from his unit, the Chinese Academy of Sciences, had brought along some medicine when they visited him yesterday.

Mr Xu said Mr Christopher's visit had been a failure because it had only provoked the Chinese leadership into saying they would never accept the "Western" view of human rights. While he hoped it would get Most Favoured Nation status, Mr Xu said China had to make improvements in human rights to earn it.

In Shanghai, Mr Yang and Mr Wang were set free hours before Mr Christopher left Beijing. "The U.S. should keep up the pressure ... I believe China should at least release more dissidents who are being locked up for political reasons such as Fu Shenqi and Zhang Xianliang," said Mr Wang. "I am not afraid of them (police), I can't lie and I cannot speak against my conscience," he added. According to Mr Wang, he was kept under constant surveillance during his detention. "I could not even go to the toilet (on my own)," he said. He was not treated badly, but said the detention was nonetheless illegal. Throughout his captivity, Mr Wang was never given any documents to explain why he was detained. "They only said I should know why," he said. "I am going to write to the National People's Congress to complain about my treatment. I am a law-abiding citizen. I haven't broken any law and they can't do this to me," Mr Wang said.

According to Mr Yang, who was taken away every night for the past three days, his treatment at the police station was acceptable. He was allowed to read newspapers every morning and was even offered a packet of cigarettes every day. But the police also reminded him that he must "repent" or risk going to jail. "They told me that they could 'reform' even old men—70 or 80 years old—and I would not be an exception," said Mr Yang. "But I told them I am 50 years old and I won't change."

#### Public Security Seizes 1.5 Million 'Reactionary' Books

HK1503104294 Hong Kong CHENG MING in Chinese No 197, 1 Mar 94 p 19

["Reference News" by Tian Tian (1131 3944): "Two Hundred and Eighty Publishing Houses Banned"]

[Text] A report dated 28 January from the General Office of the Ministry of Public Security disclosed that in 1993 a total of about 280 underground publishing houses were banned and more than 1.5 million reactionary or pornographic books and tabloids, including some published in Hong Kong, Taiwan, and abroad and reprinted, were seized and confiscated in 183 cities across the country. The report points out that readers of reactionary publications from Hong Kong, Taiwan, and abroad are mostly intellectuals, middle-aged and young cadres, and university students, while readers of pornographic publications are mostly self-employed businessmen and young workers and staff members.

#### Deng Liqun Says Country Becoming 'Capitalist Society'

HK1503104194 Hong Kong CHENG MING in Chinese No 197, 1 Mar 94 p 19

["Reference News" by Juo Jan (5387 3544): "Deng Liqun Says Mainland is Taking the Capitalist Road"]

[Text] "Part-time general secretary" Deng Liqun recently made a study tour of Zhejiang Province and made some enlightening remarks at an organization meeting of old cadres in the province. He said that if the present political line continues to develop, China will become a capitalist society led by a communist party guided by non-Marxist theories in less than 15 years, or even in seven to eight years. We cannot use the manifesto of a ruling party as the standard for judging what road a country takes and what structure it establishes, but must look at the political line of the ruling party and the specific principles and policies it pursues. The so-called leftist political parties, the socialist parties and labor parties of the European countries, also practice capitalism. Today, I can say with certainty that there cannot even be half of the total number of party members who think that the present political line is following the socialist road. Deng Liqun also said: I will not waver at all in my own beliefs.

Deng Liqun's remarks were excerpted from bulletins issued by the General Office of the CPC Central Committee.

#### Over 1600 Apply To Resign Membership After 14th Congress

HK1503102594 Hong Kong CHENG MING in Chinese No 197, 1 Mar 94 p 19

["Reference News" by Kung Chin (1872 6210): "More Than 1,000 Members Apply for Withdrawal From the CPC"]

[Text] According to information from the CPC Central Committee Organization Department on 25 January, after the resolution on the establishment of the socialist market economy was adopted at the 14th CPC National Congress, 1,630 party members applied to withdraw from the party or forfeited their membership by refusing to pay membership dues or take part in organizational life by the end of 1993. Among them, over 1,100 became party members in the 1940's and 420 in the 1950's. The reason for withdrawal from the party given by most is: The party's existing line goes against the party's manifesto and their beliefs when they joined the party. It was disclosed that over 500 among a total of about 2,200 who applied to withdraw from the CPC changed their minds after they reconsidered the issue and after relevant organizations carried out ideological work among them. Among those who resigned from the party, more than 90 were once cadres at ministerial or provincial level or members of the Central Advisory Commission.

#### Document Relays Jiang's Views on 12 Problems in Ideology

HK1503102494 Hong Kong CHENG MING in Chinese No 197, 1 Mar 94 p 20

[Article by Chuan Hsun-che (0278 6061 5074): "Jiang Zemin on All-Party Ideological Education"]

[Text] On 28 January, the CPC Central Committee Secretariat sent a classified document to the party committees of various provinces, autonomous regions, and municipalities; the party committees of various ministries, commissions, and offices under the central authorities; the party committees of various military regions, armed services, and arms of the services; and the party committees of various military academies. The document was about an important speech on party work made by Jiang Zemin at a recent Political Bureau meeting. Jiang Zemin talked about 12 problems in his speech:

1. The question of firm belief in Marxism and communism.
2. The question of understanding the inevitable trend of societal development and the superiority of socialist system.
3. The question of understanding the importance of ideology.
4. The question of the serious harm caused by slackened party organization and the changes in party work style.
5. The question of how party members should possess advanced thinking and function models.
6. The question of the importance and necessity of political and ideological work.
7. The question of the mood existing in the whole society.
8. The question of political and ideological education and propaganda and ideology work in the new period and under the new situation.
9. The question of organization and discipline in the party and party spirit among party members.

10. The question of deepening understanding of the hegemonist strategy against China and its antagonistic nature.

11. The question of the existence of bourgeois liberation thoughts within the party.

12. The question of understanding and watching the existence of class struggle in the society.

The document demanded that party committees seriously look at the 12 problems, carry out strict self-examination, profoundly understand them, and be able to unify understanding, thinking, and work.

The document pointed out that understanding, handling, and solving these 12 problems is the main political and ideological work this year and in the years to come.

#### Hu Jintao Urges Reform of Party Education

OW1203130794 Beijing XINHUA Domestic Service in Chinese 1224 GMT 4 Mar 94

[Text] Beijing, 4 March (XINHUA)—A national conference on party school work opened here today. Speaking at the conference, Hu Jintao, member of the Standing Committee of the CPC Central Committee Political Bureau, member of the secretariat, and president of the Central Party School, stressed: We must use Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the guidelines of the 14th National Party Congress and the Third Plenary Session of the 14th CPC Central Committee as the guide in studying new developments and problems in party school work under the new circumstances, to achieve unity in understanding, to strengthen leadership, and to comprehensively deepen education reform in party schools to bring about a new stage in party school education.

Hu Jintao discussed five issues: 1) further clarifying the new situation and tasks facing party school work; 2) persistently using the theory of building socialism with Chinese characteristics to guide party school work; 3) deepening party school reform, and comprehensively raising the standards of party school work; 4) building a contingent of better-qualified teachers as the key to running party schools successfully; 5) earnestly strengthening the party committee's leadership over party school work.

Hu Jintao pointed out: In this crucial period of historical development, and in the face of a new situation and new tasks, we must, more than at any time in the past, attach greater importance to the party's ideological and theoretical construction; to using Marxism-Leninism-Mao Zedong Thought, and especially Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics to arm the entire party; and to train and improve the vast number of cadres and raise the qualified personnel needed in our times. Hu Jintao said: Training cadres requires the efforts of the entire party in many areas, and party schools at all levels shoulder particularly



important responsibility in this regard. Closely integrating the practice of reform, opening up, and socialist modernization; arming leading cadres with Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics; bringing up a theoretical backbone force; and conducting theoretical study and propaganda constitute the fundamental tasks of the party school in the new situation. They are also the basic requirements put forward by the party central committee on party school work. We must carry out the training, rotational or non-rotational, of leading cadres in active service and strive to improve their skills in finding solutions to basic political, economic, social, and cultural issues in the new period and their ability to command the overall situation, operate the socialist market economy, foster material, cultural, and ideological progress, and handle complicated contradictions. We must earnestly carry out the training of young cadres, strengthen the training of theoretical backbones, and do a good job of theoretical research and propaganda.

Hu Jintao looked at, from 10 aspects, the guiding ideology, basic requirements, and work principles needed to strengthen cadres' education and theoretical work which were put forward by Comrade Deng Xiaoping in light of the new situation facing the party and the new tasks it shoulders. He pointed out: From either the immediate or long-term perspective, Comrade Deng Xiaoping's series of expositions is of extremely great significance as a guide for us in successfully conducting party school work in the new period. When we stress the strengthening and improvement of party school work, we must first concentrate our efforts on using the theory of building socialism with Chinese characteristics to guide party school work.

Hu Jintao stressed: The key to raising the standards of party school work lie in deepening reform. The general requirements for party school reform are: Using the theory of building socialism with Chinese characteristics and the party's basic line as the guide; focusing on efforts to vigorously improve teaching quality; strengthening scientific research and using it as the foundation; more successfully upholding the policy of integrating theory with practice; closely integrating the practice of reform, opening up, and socialist modernization; correctly understanding and grasping the law governing the work of education for party cadres in the new period; gradually establishing a sound party school education system, scientific research system, and management system with Chinese characteristics; further improving party school operations; and more satisfactorily serving the need to train qualified leaders for the party, the need for theoretical construction, the need for scientific decision-making by party committees and governments, and the need for reform, opening up, and socialist modernization. Hu Jintao pointed out: To further improve party schools, we must pay closer attention to and seriously strengthen the building of a contingent of teachers. We must make concrete and relentless efforts to build a contingent of better-qualified teachers in sufficient

numbers in accordance with the requirement to raise their standards, improve their makeup, maintain a stable backbone force, and train qualified successors—to build a contingent of teachers who are capable of upholding the party's basic theory and line and upholding unity between the emancipation of the minds and seeking truth from facts, who are good at studying the new situation and correctly answering new questions, and who possess strong party spirit and Marxist study style and are worthy of the name of teacher.

Hu Jintao concluded: To earnestly strengthen the party committee's leadership over party school work, we must concentrate on doing three tasks well: 1) The building of leading bodies. We must select a group of comrades who have a better grasp of Marxist theory, possess rich practical work experience, and are enthusiastic about the role of party school education in strengthening the leading bodies of party schools. In addition, we must strengthen the building of ideology and work style among the leading bodies. 2) We must ensure that party schools are operated in the right direction. 3) We must help party schools resolve major issues related to their work. Hu Jintao fully affirmed the arduous efforts and important accomplishments made by comrades on the party school education front. He urged them to further pluck up their pioneering and enterprising spirit and work hard to explore new paths of party school education with Chinese characteristics to enable party schools to play a greater role in the drive to build socialism with Chinese characteristics.

#### **Commentator Promotes Youth Voluntary Service Campaign**

HK1403154594 Beijing RENMIN RIBAO in Chinese 8 Mar 94 p 3

[Commentator's article: "Friends, Please Join the Ranks of Volunteers"]

[Text] The "Chinese Young Volunteers' Action" under the theme of "enthusiastically dedicating oneself to society and warming human hearts" took off across the country some time between last winter and this spring, bringing a breath of fresh air to society and receiving favorable widespread comments.

The "Chinese Young Volunteers' Action" is a key part of the "Cross-century Youth Spiritual Civilization" project sponsored by the Chinese Communist Youth League. The project has enriched and developed the drive to learn from Lei Feng in a new format to match the new era and is a new way to foster the "four have's" new generation and promote ideological and educational youth work. The project counts on the participation of young volunteers, orients toward society, and provides sustained and detailed voluntary services such as public labor, environmental protection, rescue and relief operation, community service, law and order, and the defense of youth rights.



Since reform and opening up, there has been a boom in modern developments and projects. A large number of ambitious, hardworking, enterprising, pragmatic, dedicated, advanced, and Lei Feng-style people have emerged in various trades and professions. However, money worship, hedonism, and extreme individualism have also grown in some localities, and indifference to suffering and refusals to help in emergencies are often reported. The party and government have stressed repeatedly that in developing a socialist market economic system, it is necessary to vigorously educate people in arduous struggle, thrift, nation-building, and vocational and social ethics with the aim of voluntarily resisting and overcoming various negative and corrupt phenomena and creating a better opinion and social climate for reform, opening up, and socialist modernization. The "Chinese Young Volunteers' Action" was initiated against such a background. It can actively promote good social morality; encourage solidarity, friendliness, helpfulness, courageous acts, and selfless dedication; boost patriotism and collectivism; strengthen socialist spiritual civilization; and raise ideological, moral, and scientific quality of youth.

The activities are characterized by attention to self-education and stress on voluntary participation, which turns "being made to participate" into "me participating," allowing the majority of youths to join activities and services to help others and society, while having their souls purified and forming a correct outlook on life. They will have a chance to continually improve themselves morally, cultivate themselves, raise their quality, and finally turn into talented, disciplined, cultured, and morally sound youths with ideals and who work for the socialist cause. Therefore, from the very beginning, these activities spread very quickly across the large cities, illustrating their vitality.

The Chinese Young Volunteers' Action has had a good beginning. Tens of thousands of young people across the countries have participated actively in this great project with enthusiasm and love. In launching this activity, localities should take note of their local conditions and ensure voluntary participation, that they go only as far as their abilities permit, work for results, and sustain their efforts. Only a pragmatic approach can deepen and sustain these activities, which will foster a generation of new people in the "Cross-century Youth Spiritual Civilization."

The times call for more volunteers! Friends, join the ranks of the volunteers. Let more people contribute voluntary services toward a fundamental change for the better in the social climate and the progress and civilization of human society.

#### Media Minister Warns Against 'Decadent Overseas Ideologies'

HK1203080394 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1006 GMT 11 Mar 94

[Text] Beijing, 11 Mar (ZHONGGUO TONGXUN SHE)—A few days ago, Ai Zhisheng, minister of radio,

film, and television in China, said at a meeting: It is necessary to maintain a high vigilance against decadent overseas ideologies and culture and to resolutely resist the corrosive influence of foreign decadent ideologies. We should never allow the bourgeois lifestyle to run rampant in China.

Ai Zhisheng said: China has signed agreements of cooperation and exchange with over 100 countries and regions and many television programs are introduced from overseas. These practices are necessary. However, the problem is that we do not analyze and differentiate programs introduced from overseas, and consequently, a large number of movies, videotapes, and tapes even regarded as vulgar or pernicious in the West are introduced. Radio and television programs have been overflowing with vulgar popular songs, rock and roll shows, and beauty pageants in disguised forms.

Ai Zhisheng said: Many movies and audio-visual products from Hong Kong, Taiwan, and the West are brought into our country through various legal and illegal channels, and occupy most of the theaters in cities and townships. This severely affects locally produced movies. An overwhelmingly majority of these movies and audio-visual products are vulgar, and are very damaging to adolescents.

Ai Zhisheng pointed out: It is equally notable that some people from overseas use money to entice others to make movies which smear the revolutionary history of China, play up the seamy side of things, and reject socialism. Some people from overseas also come to the mainland to hold various false "charity shows" and "beauty pageants" in disguised forms, and to use huge monetary awards to wantonly promote a decadent lifestyle which advocates consumption and hedonism, as well as negative and decadent ideologies and culture. These activities have brought about many grave consequences.

Ai Zhisheng said that, in order to safeguard the interests of the construction of socialist spiritual civilization and to educate the younger generations in a better way, it is necessary to unswervingly implement Deng Xiaoping's instructions: "We must unswervingly implement the policy of opening up to the outside world and vigorously widen the scope of exchange with the outside world on the basis of equality and reciprocity; but, in the meantime, we must keep sober-minded and resolutely resist the corrosive influence of foreign decadent ideologies. We should never allow the bourgeois lifestyle to run rampant in our country."

#### Vice Minister Discusses 1993-94 Public Security Situation

HK1203072094 Hong Kong TZU CHING in Chinese No 2, 5 Feb 94 pp 10-14

["Special dispatch from Beijing" by Chin Tun (6855 4163): "Public Security in China: 1993-1994—Interview With Public Security Vice Minister Tian Qiyu (3944 2601 3768)"]

[Text] In 1994, reform and opening-up and the Chinese mainland's modernization program have entered a year of crucial importance. The Chinese Government will introduce a number of major reform measures in the systems of fiscal charges, banking, planning, and investments, which will inevitably promote the overall progress of Chinese society, but will also bring up new problems in public security work in China. A TZU CHING magazine correspondent recently had a special interview with Chinese Public Security Vice Minister Tian Qiyu and asked him to elaborate on how to strike more forceful blows against serious criminal offenses, how to strengthen security control, promote public security structural reform and strengthen the public security contingent itself, and how to build closer cooperation between the police forces of the Chinese mainland and of Hong Kong.

#### **I. Jiang Zemin Seriously Puts Forward Requirements on Various Localities**

Taken as a whole, the present public security situation in China is normal, and this plays the role of guarantor for reform and opening-up and developing the economy. However, criminal cases are still on the rise, and especially prominent are major and malevolent cases. There are, indeed, some places where the public security situation is not good, with criminals running wild and the masses lacking a sense of security. Serious criminal activities have been one of society's hot spots in recent years.

Discussing this problem, Tian Qiyu told the correspondent that the Chinese Government attaches great importance to fighting criminal activities, which the masses hate bitterly, and once again have asked law enforcement departments at various levels to increase the strength of their attack. General Secretary Jiang Zemin of the CPC Central Committee recently asked major party and government leaders and departments of political science and law of various provinces, municipalities, and autonomous regions to seriously study the problem of increasing criminal offenses, asked them to study the law, take measures, and do their utmost to contain the momentum of increasing criminal activities.

#### **II. Constantly Increase the Strength of Blows Against Criminal Offenses**

Public security organizations at various levels have attached great importance in recent years to fighting serious criminal activities, and constantly increased the strength of their attack against them. Last year, aiming at criminal activities, they organized and developed extensive and varied modes of attack, rectification, and control. From January to November, public security organizations throughout China cracked over 1.04 million criminal cases, seized illicit money and stolen goods equivalent to 4.08 billion yuan, and captured 3,950.82 kg of heroin. In striking blows against various criminal activities, the public security departments resolutely

upheld the dignity of law, laid stress on strict enforcement of law, punished criminals severely and quickly according to law, and successfully investigated and handled a number of major criminal cases and economic cases of great impact.

For example: The Yu Zuomin case of Da Qiu County, Tianjin; the Beijing-Moscow No. ¾ international train case which involved criminal gangs from the eastern region of Russia; the especially big theft of cultural relics in Kaifeng County, Henan Province; and the case of the \$10 billion [figure as published] spare credit card of the Hengshui District Central Sub-Branch of the Hebei Agricultural Bank, retrieved huge economic losses for the state.

After reviewing the work against criminal offenses in 1993, Tian Qiyu said that in 1994, with "cracking major cases, striking blows at gangs, and pursuing escaped criminals" as the focus, and suiting measures to local conditions, we should struggle to achieve special purposes, and carry out rectification and control over crucial cases. In places where security problems are prominent, we should organize centralized and unified city-wide, county-wide, or even larger operations and seriously battle murder, robbery, theft, and organized crimes. We will continue to challenge bandits and despots along railway communications lines. 1994 is a year of crucial importance in the work of seizing firearms and narcotics in Yunnan, Guaxi, and other southwest frontier areas, and we should spare no effort. The objective is to block firearms and narcotics at the borders and prevent them from coming into the interior. We should struggle unremittingly against smuggling and illegal emigration in various provinces, cities, and autonomous regions along the coast, exploit victories, and strictly guard against setbacks. Various localities should strike severe blows at the vicious forces of hooligans in towns and townships. We should maintain sharp vigilance against the infiltration of triads from outside China, must never allow them to set up organizations and recruit members inside China, and will resolutely fight their criminal activities inside China. Moreover, aimed at the increase in major economic and fraud cases, we should step up work to ensure that state and collective property is not lost, or less is lost.

Public security organizations at various levels should carry out reform and step up criminal investigation work, increase strength, increase input, improve equipment, step up the building of basic vocational work, and combine modern advanced instruments with the initiatives of the broad masses of cadres and policemen in detecting and solving cases.

Presently, it is necessary to emphasize increasing the number solved cases, especially major cases; emphasize the work of prosecuting cases after solving them; raising the efficiency of handling cases; emphasize strict law enforcement and make full use of all available legal weapons; punish severely and quickly serious criminal elements according to law; and resolutely overcome the



problems of imposing a financial penalty instead of imprisonment, bending the law for the benefit of relatives or friends, and lowering the standard of punishment.

### III. Improve the Legal System, and Strengthen Security Control

Relevant data shows that public security departments are actively creating relevant laws and regulations. Last year, the "Announcement on the Prohibition of Using Military Firearms for Business Shooting Activities," the "Announcement on Striking Severe Blows at the Criminal Activities of Theft, Sabotaging Railways, Oil-Fields, Electric Power Plants, and Communication Equipment," and the "Methods of Taking In and Educating Prostitutes and Persons Visiting Prostitutes" and other laws and regulations were submitted to the State Council for release. Public security organizations in various localities also promulgated quite a number of local control laws and regulations and strengthened various public security control positions according to law.

Tian Qiyu believed that this year, with rapid development of the economy as a whole and the upgrading of marketization, the growth of various markets will quicken, tertiary industry will further develop, and a great deal of insecurity will continue to exist in production and operations. Therefore, public security control and safety precautions will be needed for new situations and problems. At present, it is important to strengthen social security comprehensive control.

Relevant regulations of the State Council and the Ministry of Public Security should be strictly carried out, and security control, traffic control, fire control, entry and exit control, and other spheres should be strengthened. Problems driven by economic interests should be resolutely put right, and public security personnel taking part—directly or indirectly—in the operations of trades under their control by use of powers or authority should be strictly prohibited.

We should step up the building of local police offices, especially those in the rural areas, build up sound public security organizations at basic levels, and pay attention to bringing their role into play. This year the floating population will continue to increase, and management of these people will be one of our emphases. We should actively study ways to manage the floating population. The contingents who protect and control the masses have played an important role in safeguarding public security, and we should continue rectifying, consolidating, and strengthening them, and actively develop "safety small district" activities, and popularize people's defense, material defense, and technology defense measures. We should educate and help those who have been released after serving sentences or have been relieved of education through labor, and step up the control of key people. It is necessary to actively explore new approaches to strengthening enterprise security work

under the new situation. Locality, railway, communications, civil aviation, forestry, and public security organizations should coordinate closely with each other, strengthen security in railway stations, wharves, airports, and forests, and should develop centralized rectification and control in places where problems stand out sharply. In short, we should increase efforts to wipe out evil social phenomena, and make sure we achieve actual results.

### IV. Carry Out Public Security Structural Reform

On this subject, Tian Qiyu declared that public security work must also constantly enhance the strength of reform under new situations and conditions. Building up the people's police patrol system in cities is a major reform of public security work which meets the new situation of reform and opening-up and economic development. In June 1993, the Ministry of Public Security called the "All-China Working Conference of People's Police Patrol in Cities," and developed, on a preliminary basis, the work of the people's police patrol in a number of cities. Shanghai, Tianjin, and some other cities started work on an institutional, standardized, and systematic basis. The rapid development of this work enabled public security organs in large and medium-sized cities to greatly enhance their control of social order, and to frighten criminals, which prevented crimes and built close relations between the police and the people. In 1994 the Ministry of Public Security demanded that various localities should consolidate and strengthen this job in terms of hardware and software.

According to the requirement of the State Council, the Ministry of Public Security last year set up a working group in charge of organizational reform, and public security departments and bureaus of the great majority of provinces, regions, and cities also did a great deal of exploratory work. Through repeated study and by pooling the wisdom of the masses, the organizational reform plan of county-level public security organs was worked out, experimental work was gradually spread out in various provinces, regions, and cities, and many localities even began reform experiments in some of their vocational departments.

While performing structural reform, it is also necessary to pay attention to the building of the public security contingents, and great efforts should be made in anticorruption work and instilling honesty. Concerning this, Tian Qiyu stated that, in August of last year, the Ministry of Public Security set up a special working group to fight corruption; called an anticorruption telephone conference of public security organs throughout China; stipulated the "Regulations on 10 Not-Allowed for Public Security Organs and Public Security Cadres and Policemen," and "Decisions on Abolition of 16 Items of Indiscriminate Fee Collection"; and sent out investigation teams to various localities for supervision.

This year, on the basis of summarizing last year's anticorruption struggle, we should continue investigating and dealing with major cases; resolutely punish corrupt



people; overcome the problem of people knowingly violating the law; and punish those who break the law while enforcing it, bend the law for the benefit of relatives or friends, and encroach on the interests of the masses. We should further build up a sound internal supervisory and constraining mechanism of public security organs, and actively explore and develop a supervisory system that conforms with the vocational characteristics of the people's police. We should strengthen the management of public security contingent, and build up and improve various rules and regulations. We should firmly grasp the opportunity to implement public servant regulations and start building up an entire set of rules and regulations on contingent management that links with the public servant regulations and police regulations and conform with the characteristics of public security organs, so as to make contingent management more standardized and in line with the legal system.

#### V. Cooperation Between the Police Forces of Both Sides Is Fruitful

Discussing the present situation in which Sino-British negotiations have broken down as a result of the fact that the British side adhered to a wrong position and practiced the "three violations," Tian Qiyu, as a member of Preliminary Working Committee of the Preparatory Committee for the Hong Kong Special Administrative Region, declared: The disruption of Sino-British cooperation is what we and the broad masses of our compatriots in Hong Kong are unwilling to see. We hope that Hong Kong will remain prosperous and stable, and the Chinese police force hopes that Hong Kong will experience fine social security order. After the establishment of the meeting system in 1984 between the public security organs of the Chinese mainland and the Hong Kong police force, both sides held working meetings every year in Beijing and Hong Kong and cooperated in battling criminal offenses involving firearms, smuggling, narcotics trafficking, economic crimes, and triad criminal offenses. Cooperation between the police forces is fruitful.

To my knowledge, the police forces of both sides achieved splendid results in recent years in pursuing crimes involving the Chinese mainland and Hong Kong. Since 1991, public security organs in the Chinese mainland have handed-over 60 recovered luxury cars stolen in Hong Kong, and 24 such cars were returned last year alone. In recent years, mainland public security organs have delivered dozens of criminals to the Hong Kong police force: 15 in 1992, and 17 in 1993. They joined efforts against crime, and forcefully frightened criminals, which obviously reduced serious criminal cases of gun robbery and car theft that took place recently in Hong Kong. Auto theft cases in Hong Kong dropped by 46 percent, and crimes involving guns dropped by nearly 50 percent, which played a positive role in stabilizing social security in Hong Kong. Representatives of public security organs from the Chinese mainland who went to Hong Kong for investigation and to deliver evidence also won enjoyed the positive cooperation of the Hong Kong

police force. Such cooperation is advantageous to maintaining the public order of both the Chinese mainland and Hong Kong.

Tian Qiyu said: We hope such cooperation will be further strengthened and developed during the later stage of transition.

To further promote the understanding between the police forces of the Chinese mainland and Hong Kong, we will enlarge exchanges in police vocational work, education and training, technological equipment, and culture and sports through working meetings, exchange of visits, and friendly contacts. We also welcome friends of the Hong Kong police force to come to the mainland for tours, vacations, and to visit relatives. We not only welcome visits from the upper and middle levels, but also visits from the lower level. We not only welcome Chinese, but also welcome those of non-Chinese descent. We welcome them to visit the Chinese mainland mainly for the sake of increasing understanding and strengthening friendship, so that both sides will coordinate more smoothly and more effectively in the preparatory work during the later stage of transition.

When the correspondent asked about the appraisal of the Hong Kong police force and its use after 1997—a general concern of Hong Kong police circles—Tian Qiyu calmly replied: We have talked about this issue on many occasions. The overall quality of Hong Kong policemen is quite good, they are highly efficient in handling affairs, and they have played a proper role in maintaining the social security of Hong Kong. They not only play an important role in ensuring the smooth transition of Hong Kong during the later stage of transition, but will also be an important force for maintaining the public order of Hong Kong region after 1997. During the later stage of transition, the social security of Hong Kong remains the responsibility of the British-Hong Kong authorities.

The great majority of Hong Kong policemen "love their motherland, and love Hong Kong", and after 1997 they will not be discriminated against politically because they worked for the British-Hong Kong Government. The Hong Kong police force is an important component of the Hong Kong civil service. The policy of the Chinese Government toward Hong Kong civil service naturally applies to the Hong Kong police force. We hope that the police force will dispel their misgivings, be relieved, and keep their mind on their work. We are convinced that the police department of the SAR government will continue to use and promote them according to their personal qualifications and record of service, experiences, abilities, and their actual performance in maintaining the public order of Hong Kong during the transitional period.

With the approach of the return of Hong Kong in 1997, we hope that the police force of the Chinese mainland and that of Hong Kong will continue to strengthen

cooperation, and work with concerted effort for the smooth transition and successful return of Hong Kong.

#### **Journal Interviews Qiao Shi on Economic Laws**

*HK1203070494 Hong Kong CHING CHI TAO PAO in Chinese No 9, 7 Mar 94 pp 4, 5*

[Interview with Qiao Shi, chairman of the National People's Congress Standing Committee, by staff reporter Yao Kan-nan (1202 6373 0589) in Beijing; date not given: "Qiao Shi Answers Questions on Building the Legal System In the Context of Socialist Market Economy"]

[Text] Just before the second session of the Eighth National People's Congress [NPC], Qiao Shi, chairman of the NPC standing committee, gave an interview to our staff reporter in Beijing on the building of the legal system in the context of the socialist market economy. Despite his busy schedule, Qiao Shi spared some of his precious time and answered the questions in detail. The topics covered issues people are concerned about in many areas, such as the establishment of the legal system for the socialist market economy, the acceleration of drafting economic laws, the coordination of the reform and opening up with the building of the legal system, and the improvement of the whole society's awareness of law and understanding of the legal system.

#### **Accelerating the Drafting of Economic Laws**

[Yao] The second session of the Eighth NPC is about to open. Chairman, what expectations do you have of this session?

[Qiao] Before this NPC session, the NPC standing committee made some down-to-earth preparations. The objective we are striving for is to form a rough legal structure framework for the socialist market economy before the end of the current NPC's term. Since the first session of the Eighth NPC, the standing committee has adopted 19 laws or decisions related to legal matters. This year, another batch of important laws are due to be promulgated. We set great store by the building of the legal system and strive to integrate the reform and opening up with the building of legal system and learn to administer the economy by way of law. In pursuance of the principles provided in our Constitution, we shall accelerate the drafting of economic laws and, in the meantime, make a good job of the formulation, substantiation, and improvement of laws in other fields. We shall, with Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line as the guides, make sure that the forthcoming NPC session will have the nature of being democratic, unified, truth-seeking, practical, trailblazing, and enterprising, so that the people of all nationalities in the whole country can be further mobilized to work as one, seize the opportunity, deepen the reform, expand the opening up, promote

development, maintain stability, and promote the sustained, rapid, and healthy development of the national economy. I am full of confidence about this.

[Yao] This year, the tasks of deepening the reforms in the whole country are very heavy and many reform measures have been promulgated. How can the work of the NPC and people's congresses at all levels in localities adapt to the needs of the reforms? Could you please comment on this?

[Qiao] As you have just said, the year 1994 is one wherein many measures for deepening the reforms will be promulgated. Each and every reform measure we adopt is of vital importance. For this reason, the NPC and local people's congresses at all levels will promote and support the smooth implementation of all reform measures through their respective efforts. This year, the NPC Standing Committee will continue to give top priority to the acceleration of legislation, especially the drafting of economic laws. We have made a legislation plan for this term and, according to its requirements, we shall make proper arrangements for the legislative work and guide, promote, and support the reforms with laws. As to the reform measures which have already been promulgated, we should sum up our experiences in good time and try to finalize them in a legal form to the greatest extent possible, so that they can be standardized and codified.

#### **Make a Good Job of the Legislative Work in a Number of Respects**

[Yao] In the course of establishing a socialist market economic system, we will encounter some contradictions and problems in the changeover from the old system to the new one. In what way does the NPC Standing Committee plan to make a good job of the legislative work, so that these problems can be smoothly solved?

[Qiao] The coming few years will be a critical period for the conversion of our economic system. There has never been any successful precedent in the world of a smooth transition from a planned economy to a market economy. It is all up to us to explore. In the meantime, there is no existing model to follow as to how the framework of legal system for the market economy should be established and we must also make a big effort to explore this. The socialist market economy does not mean one can do whatever one wishes to or that each can go his own way with total disregard to laws. In a sense, the socialist market economy is one ruled by law. Therefore, the NPC and local people's congresses are faced with onerous legislative tasks. Only by guiding, standardizing, and supporting it with laws, can we ensure a healthy development of the socialist market economy.

In the course of legislation for the market economy, we may encounter some contradictions and difficulties. To solve these problems, we will mainly resort to the following solutions. The first solution is that we will try to match legislation with the progress of the reform and opening up. On this point, Deng Xiaoping once said:



Having laws is better than having no laws; fast legislation is better than slow legislation. For some matters which should be either promoted or eliminated, if the conditions for legislation are not ripe for the time being, we can first make administrative regulations or local regulations and, when we have had some experience, upgrade them to laws. The second solution is that we must stick to the principle of subordinating local interests to the overall interests of the country, avoid overemphasis on local interests and powers, and avoid passing the buck to each other. The third solution is that we must base ourselves on China's national conditions and boldly absorb and draw upon foreign experiences. We can directly transplant some legal provisions used by other countries which suit our national conditions and keep improving them through practice. Some market economy-related laws in our country should be made in such a way that they can converge with the relevant laws of other countries and international practice. The fourth solution is that local people's congresses and their standing committees should, in light of the actual needs of their respective administrative areas, step up efforts to formulate local regulations regarding the market economy, under the premise of not contravening the Constitution, laws, and administrative regulations. Besides, we also emphasize that the role of experts should be brought into play in the process of legislation and the quality of legislation should be enhanced. This way, laws are bound to be able to play the role of effectively supporting and promoting the development of the socialist market economy.

#### Laws Which Urgently Need Promulgating

[Yao] You once said the laws that urgently need to be promulgated in China at present include: Laws standardizing the subjects of the market; laws to regulate the relationship among the subjects of the market and maintain fair competition; laws which improve and strengthen macroregulation and control and promote coordinated development of the economy; and laws to establish and improve the social security system. Could you please elaborate a little on these?

[Qiao] Making laws to standardize the subjects of the market is largely for the purpose of safeguarding the rights and interests of the subjects of the market and defining their obligations according to law, to ensure that they can operate by making their own decisions, assuming sole responsibility for profits and losses, seeking development with their own resources, and exercising self-restraint. For example, the "Company Law" that was adopted not long ago is important. It is of great significance in defining the legal status of companies as a subject of the market, standardizing the organization and behavior of companies, establishing a modern enterprise system, and promoting the healthy development of the socialist market economy. The laws for regulating the relationship among the subjects of the market and maintaining fair competition, such as the "Law Against Unfair Practices in Competition," the "Economic Contract Law," the "Securities Act," the "Checking Law,"

the "Arbitration Law," the "guaranteed Mortgage Law," the "Real Estate Law," and the "Law For the Protection of Consumer Rights and Interests," are all extremely important and necessary. Of these, the "Law Against Unfair Practices in Competition," the "Economic Contract Law," and the "Law for the Protection of Consumer Rights and Interests" have been drafted. Other laws have been listed in the legislation plan of the NPC standing committee and their formulation will be carried out with greater efforts. As to the laws for improving and strengthening macroregulation and control and promoting coordinated development of the economy, we plan to submit the budget act to the second session of the Eighth NPC to be held this year for deliberation; other laws such as the "Central Bank Law," "Commercial Bank Law," and "Foreign Trade Law" are listed in the legislation plan and will be drafted. We will also make laws for adjusting the industrial structure and promoting scientific and technological advance. As to the laws for establishing and improving the social security system, we pay close attention to such laws as the "Labor Law" and the "Insurance Law." In short, the legislation in the above areas is mandatory. Some laws have already been drafted, some are under deliberation, and some will be made efficiently and in a planned way.

#### How To Improve the Legal System

[Yao] So far, many laws have been promulgated in China but, in the course of implementation, cases of "failure to abide by the laws in force" have happened. How can this problem be solved?

[Qiao] The Chinese society stayed in the feudal stage for thousands of years, so people's understanding of the legal system is still quite weak. Therefore, it takes long-term, unremitting efforts to establish a society ruled by law and gradually perfect it. We should, through legislation, make people realize what they should do and what they are not allowed to do; what is lawful and what is unlawful. Alongside lawmaking, we should also strengthen the propaganda on law, conduct extensive education to spread the knowledge of law, and help the people enhance their awareness of the law and understanding of the legal system. In the meantime, we should energetically strengthen inspection and supervision on the enforcement of laws after they are made; supervise the enforcement of the Constitution; and see to it that administrative, procuratorial, and judicial organs enforce the law to the letter. This is the power which the Constitution has vested in the NPC Standing Committee. We will, through our unremitting efforts, establish the authority of the Constitution and laws society-wide and firmly redress any phenomenon of failing to abide by laws in force, failing to enforce the law to the letter, or failing to prosecute law breakers.

#### Expectations and Requirements on CHING CHI TAO PAO

[Yao] Do you have any expectations and requirements regarding CHING CHI TAO PAO?



[Qiao] The 1990's is an important period for our country to achieve national reunification. China will resume sovereignty over Hong Kong and Macao in 1997 and 1999 respectively. I hope that CHING CHI TAO PAO, as a rather influential economic journal in Hong Kong, while providing a window to China's economic construction, will make an effort to explain the work done by the people's congresses at all levels in China and what is going on with legislation in China, so that more Hong Kong and Macao compatriots, Taiwan compatriots, overseas Chinese, and foreign people can see that China will be built into a modern and democratic socialist country with a well developed legal system. I hope you will continue with your efforts and run the journal well, contributing to the cooperation and exchange between the mainland and various parties in Hong Kong and Macao.

### Economic & Agricultural

#### Zou Jiahua Urges Strengthening Fertilizer Production

OW1203153894 Beijing XINHUA in English 1525 GMT 12 Mar 94

[Text] Beijing, March 12 (XINHUA)—Chinese Vice-Premier Zou Jiahua today called for improving the chemical fertilizer production, transportation and supply in order to guarantee the agricultural need.

In order to stabilize the national economy, it is an important task for the country to obtain a bumper agricultural harvest this year, Zou said in a national telephone conference on fertilizer production. However, he noted, chemical fertilizer is short of supply at present.

Zou encouraged the fertilizer factories to overcome all difficulties to produce more chemical fertilizer.

He also urged the governments at all levels and all governmental departments concerned to create better conditions for the fertilizer production.

#### Government Takes Steps To Reform Banking System

HK1103140094 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0948 GMT 10 Mar 94

["Special feature" by Shao Ling (6730 7227): "China Takes Steps To Revamp Banking System"]

[Text] Hong Kong 10 Mar (ZHONGGUO TONGXUN SHE)—A piece of information from Beijing states that the People's Bank of China recently refused to make loans to the Finance Ministry to clear the national debt. A person in charge of the bank pointed out that the state budgetary deficits must be covered through issuing state treasury bonds. Earlier, Vice Premier Zhu Rongji, who is also governor of the People's Bank of China, said: "No bank should be treated as a teller or an accountant for the government or a government department." All the above

information suggests that China is trying to set up a relatively independent Central Bank, policy-related banks, and commercial banks, so as to meet the needs of the market economy and bring about the convergence of China's financial system with the international financial system.

Without doubt, the first step China is to take in financial reform is to change the People's Bank of China into a real Central Bank, to set up policy-related banks, and to change professional banks into commercial banks. As the central bank, the People's Bank of China will have two major functions: Stabilizing the currency and supervising financial matters. In the future, the People's Bank will not provide funds to government departments or supply money directly to industrial and commercial enterprises to help solve their problems. Instead, it will focus on the efficient exercise of its powers to supply money, adjust reference interest rates, manage central funds, and control the total amount of credit, while the functions of its branches will include supervising and managing financial matters, conducting investigations, compiling statistics, making analyses, laterally adjusting the money supply [heng xiang tiao cun tiao ji 2897 0686 7333 1407 6148 0495], managing the state treasury, providing funds, controlling foreign exchange, and settling combined accounts.

The second step is to set up three policy-related banks—the State Development Bank, the China Agricultural Development Bank, and the China Import and Export Credit Bank—which will be placed under the supervision of the central bank. The three banks will have their capital provided by the Finance Ministry; they also can raise money through issuing bonds to banking institutions. The sole function of these three banks is to provide loans on government instructions for the purposes of production, development, and foreign trade. They are expected only to break even, rather than to make profit.

The third step is to gradually change the existing professional banks into real commercial banks. The Bank of China, the Industrial and Commercial Bank of China, the Agricultural Bank of China, and the People's Construction Bank of China, which are existing professional banks on the mainland, gradually will be transformed into commercial banks. A number of commercial banks have been set up on the mainland over the last few years, including the Communications Bank of China, the CITIC (China International Trust and Investment Corporation) Industrial Bank, the Everbright Bank, the Huaxia Bank, the Zhaoshang Bank, the Fujian Xingye Bank, the Guangdong Development Bank, the Shenzhen Development Bank, and the Shanghai Pudong Development Bank. The total capital of all these national and regional commercial banks, some of which are collectively owned or joint-stock enterprises, has reached 100 billion yuan. These banks enjoy a more rapid capital turnover and a higher rate of loan recovery because they only provide mortgage loans under their systems of fund management. However, as these banks have gone into operation for a short period and the government has yet

to formulate appropriate laws for commercial banks, their management remains to be standardized and improved.

While commenting on changing the way the bank operates, Wang Qiren, chairman of the board of directors of the Bank of China, believed that it is necessary to draw on the experience of foreign banks, especially commercial banks in Hong Kong and Macao. He said: "The mainland and Hong Kong banking industries have built closer and closer relations. A total of 13 Hong Kong banks have set up 35 branches, 24 offices, and six joint-venture banking institutions on the mainland, while various mainland professional banks, such as the Bank of China and the People's Construction Bank of China, also have set up branches in Hong Kong. It is necessary to make appropriate use of Hong Kong commercial banks' experience in management and operation. However, we must change the operational mechanism gradually."

Since the beginning of this year, the National People's Congress has stepped up financial legislation and will promulgate the "Law of the People's Bank of China," the "Banking Law of the People's Republic of China," the "Law on Commercial Banks," the "Stock Law," and the "Bill Law" in turn, indicating that China is planning to put banking system reform onto a legal basis.

#### Shanghai Securities Corporation Sets Up Investment Group

OW1203153494 Beijing XINHUA in English 1518  
GMT 12 Mar 94

[Text] Shanghai, March 12 (XINHUA)—The Shanghai International Securities Corporation Ltd., one of the biggest of its kind in China has set up an investment banking division.

This was announced today by Guan Jinsheng, general manager of the corporation.

The investment banking division, the first of its kind established in China's securities world, will help enterprises raise funds by issuing enterprise bonds, underwriting A shares, B shares and H shares as well as stocks in foreign currencies, amalgamate or buy up enterprises, and provide consulting services in corporate financing.

The first group of projects to which the investment banking division will offer services include the expansion and transformation of the Shanghai aviation industry and motor manufacturing.

#### Official Outlines Plans To Develop Securities Market

OW1203144894 Beijing XINHUA in English 1351  
GMT 12 Mar 94

[Text] Shanghai, March 12 (XINHUA)—A senior Chinese financial official outlined the country's plan to

develop the securities market in the fourth members' meeting of the Shanghai Stock Exchange (SSE) today.

Liu Hongru, chairman of the China Securities Regulatory Commission (CSRC), said that the planned new issuance of 5.5 billion yuan in shares for 1994 will be conducted in accordance with market situations. They will be floated in the latter part of this year or next year.

This year, the state-owned and corporate-owned shares won't be listed on the exchange for trading due to the current limited conditions. And no stock revenue tax will be levied, Liu added in his address to over 1,000 delegates from all over the country.

This SSE meeting will also discuss its working report and budget project, revise its regulations and elect its board of directors.

In 1993, the Shanghai equity market developed into a national market, with brisk state bond transactions, its upgrading of trading facilities and steady rises in B stocks.

#### Economist Views State Firms Under Modern Enterprise System

OW1203053594 Beijing XINHUA in English 0308  
GMT 12 Mar 94

[Text] Beijing, March 12 (XINHUA)—The establishment of a legal entity's property system in major state-owned enterprises does not mean privatization, according to a leading economist.

Wang Jue, an economics professor at the Beijing-based Party School of the Chinese Communist Party Central Committee, said that in instituting a modern enterprise system, major state enterprises will have multiple principal holders of their property rights, instead of just one principal holder, that is, the state.

The change is vital to the success of enterprise restructuring, said Wang, who is attending the current session of the National Committee of the Chinese People's Political Consultative Conference.

Under a planned economy, a state enterprise operated as a subsidiary of a government administrative department, without the status of a legal entity, he said. [sentence as received]

According to Wang, in fact, the transformation of their operational mechanism by state enterprises means turning state property into the property of a legal entity.

"The state will sever its administrative ties with enterprises by permitting legal entities to invest in enterprises. Only in this way can we increase enterprises' competitiveness," he said.

The government may either entrust investment companies to operate state-owned property or lease such property to these companies, he said.

These companies will become legal entities entrusted by the state to make sure that state-owned property will not be infringed and will increase in value, he explained.

The economist also stressed the importance of separating the ownership of the investor (the state) from that of a legal entity (an enterprise).

Under given conditions, the ownership of the investor takes the form of holding the stock right by the investor, he said.

That means that as a shareholder, the investor should have the right to receive returns from its assets and to participate in making policy decisions and choosing managers, he explained.

As a result, the investor will become a shareholder of the enterprise, represent the people or perform the duties of a property owner on behalf of the state, he said.

"Therefore, state enterprises will not change their nature, but will change their managerial and operational methods only," he noted.

Only thus is it possible to create necessary conditions for the establishment of a modern enterprise system, he said.

It is very difficult for major state enterprises to solve such problems as unemployment resulting from the transformation of their operational mechanism, he said.

According to Wang Jue, the solution to such problems lies in taking comprehensive measures by both the government and society.

First of all, the state should assist a number of key enterprises in expanding their capacity and providing more jobs.

Second, the state should earmark funds to help retirees, veteran workers and the disabled solve their problems in their livelihood.

"In my opinion, the money should not be given to individuals, but should be used to invest in joint-stock companies so as to draw dividends," he said.

Third, it is necessary to encourage some workers to shift to the service sector.

The economist also emphasized the need to establish more foundations and various other organizations to alleviate the burden of state enterprises in running social welfare.

"I am sure that with the implementation of these supplementary reform measures, major state-owned enterprises will certainly be able to operate efficiently," he said.

## Survey Reveals Unprecedented Gains by Private Sector

HK1203050994 Beijing CHINA DAILY in English 12 Mar 94 p 4

[By Cai Hong: "Private Businesses Play a Subsidiary Role"]

[Text] China's private sector has made unprecedented economic gains during the past two years, according to a poll released by the Chinese Academy of Social Sciences.

The sample investigation of 1,432 private enterprises found that their economic returns are often better than those of collectively-owned firms and State establishments due to various reasons.

"The survey is a complete nationwide study of private businesses because it includes Tibet," said Lu Xueyi, director of the Department of Sociology of the academy.

Private enterprises in China are defined as those established with private capital and employing eight or more people.

"The private sector has proved to be a subsidiary to the other two," said Li Ding, director of the Society of Chinese Private Economy. On the other hand, it also turns out to be a rival.

In Guangdong Province alone, private businesses and the self-employed paid 1.7 billion yuan (\$195 million) in taxes during the first half of 1993, sharing 11 per cent of the province's revenues.

By June of 1993, there were 184,000 registered private firms employing 2.9 million workers. The private businesses engaged in the service industry numbered 76,000, an increase of 130 per cent over the same period in 1992.

The growth of the private economy, however, varies from region to region in China.

East China shares 60 per cent of the nation's private economy, leaving 30 to the central region and a shoe-string 10 per cent to the West.

According to the State Administration of Industry and Commerce, there were 23,800 new registrations of private enterprises in 1993, an increase of 70 per cent over the previous year.

These figures, however, are superficial, since some private firms use the names of collectively-run companies, joint ventures or the self employed to obtain preferential treatment or gain maximum profits.

The private firms in the survey had been in business for an average of five years and eight months. Their registered capital grew by more than 30 per cent in 1992.

"The growth rate may plummet to 20 per cent this year as the development of the private sector stabilizes," said



Dai Jianzhong, deputy director of the Department of Sociology of the Beijing Academy of Social Sciences.

The survey notes that owners of private enterprises are usually better off than common salary earners.

Every 100 families of private entrepreneurs for example owns 136 colour TV sets, far more than the average 75 in China's cities and towns.

The income of private entrepreneurs comes from wages and shared bonuses. The annual earnings of an owner of a private business on average amounted to nearly 92,000 yuan (\$10,600), about 20 times higher than an individual salary earner.

The survey found that private entrepreneurs spent most of their profits expanding their ventures rather than squandering them on non-essentials.

Slightly more than 12 per cent of the private business owners in urban areas were technicians before switching to the private sector, 22 per cent previously were government workers, 25 per cent were rank-and-file workers, and 17 per cent came from farming backgrounds.

According to the Department of Sociology of the Chinese Academy of Social Sciences, 120,000 government workers joined the contingent of employees in corporations in 1992 alone. A number of them have turned out to be private entrepreneurs.

Private entrepreneurs have a higher educational level than the average worker in China. Slightly more than 70 per cent of them are high school graduates. Nearly 17 per cent have had higher education.

The reasons for these people's fashionable "xiahai"—risking their fortune by running a business—differ.

More than 56 per cent of them left their former work places because "they found it hard to realize their full potential." Nearly 20 per cent, however, were "looking forward to making more money."

One-family-and-two-systems pattern is an operating feature in working families. When the husband runs a private business, the wife usually keeps their relationship with public ownerships—continuing to work in State or collectively-owned institutions.

It indicates that they are not yet prepared to expose both of them to the forces of the market economy.

It is interesting, the survey reported, that contact among private entrepreneurs is rare. They were likely to make friends with government functionaries, enterprise managers and technicians.

According to the survey, private entrepreneurs spent nearly 22 per cent of their salary on entertainment, a lifestyle different from wage earners. They believe that social interaction is integral to their businesses.

According to Dai, private entrepreneurs have a "clearer" assessment of themselves.

Sixty-five per cent of the private entrepreneurs claimed to be members of the mainstream, while 30 per cent agreed with the statement, "we earned a higher income." Only 5 per cent were not satisfied with their "lower" income.

Forty-four per cent of those surveyed felt they held higher social status than average and 49 per cent believed that they enjoyed average social position. Seven per cent complained about their low social status.

The survey also revealed that 37 per cent of the wealthy, powerful, private entrepreneurs were convinced they were playing an important part in their communities.

Private enterprises existed in China before 1950, when the State bought and nationalized all of them.

Current private enterprises are very different from the old ones in their labour-capital relationship, their operating environment, and functions.

Dai said he believed private enterprises will ask for more participation in their communities when their business ventures become increasingly successful.

#### **Nonferrous Industry's Management Mechanism To Be Reformed**

OW1103190394 Beijing XINHUA in English 1521  
GMT 11 Mar 94

[Text] Beijing, March 11 (XINHUA)—A guild will be set up in China's nonferrous industry to take up the administrative affairs of the industry while the original China National Nonferrous Metals Industry Corporation will become a holding company to manage the state assets of all the enterprises in the industry.

This is a major move to change the management mechanism in the industry.

The guild will be established in the first half of this year. It will be a medium organization between the government and enterprises and undertake administrative affairs of the non-ferrous metal industry upon the trust by the government.

The China National Nonferrous Metals Industry Corporation, which used to control both the administrative and economic affairs of enterprises, will become a holding company to undertake the tasks of managing the state assets of all the enterprises in the industry by way of controlling shares or by participation or by running solely owned enterprises. It will bear limited liability for the losses or bankruptcy of enterprises.

The holding company will send directors and supervisors to enterprises to supervise the management of state assets.

**Unemployment Poses Greater Threat Than Inflation***HK1103152694 Beijing ZHONGGUO XINWEN SHE in English 1325 GMT 11 Mar 94*

[Text] Beijing, March 11 (CNS)—Without doubt China had to keep inflation under control and not let it exceed economic growth, a member of the Standing Committee of the National People's Congress (NPC) and professor at Beijing University, Mr. Li Yining, said in an interview with this agency. He added, however, that a rise in unemployment rather than inflation would pose a greater threat to China.

Inflation to some extent is not inevitable for the maintenance of economic growth, according to Mr. Li who is attending the current session of the 8th NPC. Should the government make proper use of four important means at the present stage, namely savings deposits at bank for value preservation, adjustment of wages in accordance with the cost of living, pensions and the curbing of a price hike by administrative means, inflation would not worsen.

Mr. Li said he believed that if people had a job and a regular income which could support their daily needs, inflation to some extent would not constitute a threat. By contrast, however, a person who had lost his job would be in anxious state and a group of unemployed persons in despair would be a potential source of unrest to society.

It justified the thinking that reasonable economic gain should be not only in line with the national strength and with the market purchasing power, but also capable of providing sufficient job opportunities for the newly increased number of job-seekers.

Mr. Li suggested that the central government should give priority to the handling of employment which involves job opportunities for ten million job-seekers every year. The important matter, Mr. Li said, lay in the relaxation of the policy on restriction on employment and in letting people seek a suitable job for themselves.

**Gansu Drought Causes Crop Damage, Drinking Water Shortage***HK1203050894 Beijing CHINA DAILY in English 12 Mar 94 p 3*

[By Liang Chao: "Drought Brings Worst Shortage in 10 Years"]

[Text] A chronic drought continuing to plague northern China has produced the worst shortage of drinking water in a decade and is threatening to wipe out more than 10 million hectares of crops.

Nearly 4 million people and more than 14 million heads of livestock are suffering from the dry spell.

"The shortage of water was so serious that many locals in arid areas in Northwest Gansu Province had to get water from far away," the Beijing based State Anti-Drought Office (Sado) said yesterday.

The drought, which began last fall, has hit the most important winter wheat and cotton-producing areas.

More than 5.3 million hectares of winter crops in 12 north, northwest and northeast provinces have been affected, while another 8.7 million hectares are running out of moisture, the latest statistics show.

Even though snow fell in some drought-ridden areas in mid-February, the moisture level was far from enough to meet the demands of winter wheat.

This summer's harvest is now being threatened.

The precipitation, ranging from 1-10 millimetres in most of the drought-stricken areas, was too little to fully ease the persistent drought, while more rainfall is badly needed for the winter-crop growing. "drought officials told China Daily.

As a result, more than 35 per cent of winter wheat seedlings in northwest Gansu Province are not growing well and many are dying.

And the latest weather forecasts provide little hope of escaping the drought soon. The dry spell is expected to continue through the end of the month as rainfall will be less than in previous years throughout northern regions and even in some parts of the south.

**Commercialization of Farmland-Use Rights Reinstated***OW1203040294 Beijing XINHUA in English 0313 GMT 12 Mar 94*

[Text] Nanjing, March 12 (XINHUA)—Commercialization of farmland-use rights, a practice which was banned for more than four decades after the founding of New China in 1949, is germinating again in some parts of the country.

In a traditional agricultural country such as China, rural people used to consider farmland as their lifeblood. Such a concept has been gradually changing. Many rural families, whose laborers are working in rural industrial enterprises, have willingly transferred their farmland-use rights to their fellow-villagers or even to people from other villages, townships, counties or provinces.

Wang Jinbao, a 66-year-old peasant in Wuxi County, east China's Jiangsu Province, said that he has tilled the land all his life and loves the land very much. However, he added, he has now transferred his land-use rights to others because all his children have found jobs in cities or in rural industrial enterprises and no longer make their living by farming.

The practice originated in the mid-1980s in the area of Suzhou, Wuxi and Changzhou in southern Jiangsu Province, where rural industrial enterprises are well developed. At present, over 60 percent of the rural laborers in the area have turned from farming to working in industrial or service-trade enterprises. As a result, some of the rural families are willing to transfer their farmland-use rights to skilled farmers who want to expand their scale of production.

Such a practice was soon approved by the top leadership of the country. A decision on some issues concerning the establishment of a socialist market economic system adopted at the Third Plenary Session of the 14th Central Committee of the CPC on November 14, 1993 says that on the premise of adhering to collective land ownership, the compensated transfer of land-use right according to law will be allowed and that operations adaptable to economies of scale may be developed in a few economically developed areas through various forms such as the transfer of contracts and the purchase of shares on a voluntary basis.

In order to solve the problem of some farmers being reluctant to continue farming and to avoid leaving the land waste [as received], the Chinese central government has selected the Pearl River Delta, Chang Jiang Delta and the outskirts of Beijing as the pilot areas to carry out the commercialization of land-use right.

The official in charge of the experiment in the Chang Jiang Delta, focussing on Jiangsu Province, said that the experiment is aimed at gradually transferring the land-use right to those farmers who are more skilled and willing to engage in farming and finally realize economies of scale in farming.

In carrying out the experiment, it is important to separate the land ownership from the land-contracting right and the land-use right. All the farmland is owned by the village. But the land-contracting right and the land-use right belong to individual households. Every household is allowed to transfer its contract and land-use right to others.

The experiment started in the three counties of Wuxi, Changshu and Wuxian in the Chang Jiang Delta in 1987. So far, the practice has spread to 26 counties in the prefectural cities of Suzhou, Wuxi, Changzhou, Zhenjiang and Yangzhou. The per-capita farmland in the area was less than 0.07 ha [hectares]. However, there are now 8,200 units engaging in farming on a total of 31,600 ha of land, each of which has more than one ha of farmland.

Located in Zhangjing town in Jiangsu Province's Wuxi County, the richest county in China, the Xinhua farm has 13.3 ha of land. The land-use rights belonged to the local residents in the past, but have now been transferred. The farm is at present contracted by Li Songfan, a farmer from Changxing County in Zhejiang Province. Moreover, Li has transferred the contract to Shi Ziliang, another farmer from Changxing County. So, the actual

persons who are cultivating the land of the farm are Shi and his wife as well as four of their relatives.

There are 1,501 such farms operating economies of scale like the Xinhua farm in Wuxi County, according to county magistrate Lu Rongde. These farms have a total of 7,800 ha of farmland, which accounts for 53.6 percent of the county's total contracted farmland.

Farming based on economies of scale has helped raise agricultural productivity and promoted the development of rural industry and the service trades. Statistics from the Jiangsu Provincial Office of Agricultural Modernization show that the per-ha and per-laborer grain output of such farms is generally 200 kg more than and 20.3 times that of small plots cultivated by farmers who have concurrent jobs in rural industrial enterprises. Over 93 percent of the grain produced by such farms is marketable grain. The percentage is 60 percentage points more than that of small farms.

Many skilled farmers are willing to engage in farming of this type. Tang Hongquan, head of the Guangming farm in southern Wuxi County, Jiangsu Province, contracted to cultivate the farm, which has 35 ha of land. His wife resigned from her post as head of a workshop in a rural industrial enterprise to manage the farm together with him. Last year the farm made a net income of 185,000 yuan. The per-capita annual income of the 20 laborers on the farm surpassed 4,000 yuan, which was about 30 percent more than their fellow-villagers who worked concurrently in rural industrial enterprises.

Experts noted that the rebudding of commercialization of land-use rights in China indicates a new trend in the country's reform of the land-use system under the new circumstances of the nationwide efforts to build a socialist market economy.

**Afforestation Program Most Extensive in World**  
*OW1203011194 Beijing XINHUA in English 0053*  
*GMT 12 Mar 94*

[Text] Beijing, March 12 (XINHUA)—Since China's National People's Congress approved a resolution to obligate the whole nation to plant trees 13 years ago, the country has afforested a combined area of 33 million hectares with 18 billion trees, tops in the world.

Advocated by Chinese senior leader Deng Xiaoping, the tree-planting movement has been developed quickly throughout the country. More than 500 million people planted 2.4 billion trees last year.

Presently, all the barren hills in Guangdong, Fujian and Hunan Provinces have been covered with green trees. Both the forest areas and forest reserves of the country have increased over these years.

China recently made new plans to promote the afforestation movement. Some 100 counties are designated as key areas to be afforested.



### Research Achievements in Rice Growing Prove Successful

OW1103144394 Beijing XINHUA in English 1338  
GMT 11 Mar 94

[Text] Beijing, March 11 (XINHUA)—Research achievements in rice growing have brought in an economic return of more than five billion yuan over the past decade.

According to a national cereals conference here today, research achievements have been applied in some 34.67 million ha [hectare] of rice fields throughout the country over the last few years.

China is one of the biggest rice producers in the world. Its rice acreage accounts for a quarter of the world and rice output accounts for one third of the world's total.

As such, China has invested heavily in the studies of rice growing. An example is the opening of the Rice Research Institute in Hangzhou, which boasts eight million yuan worth of advanced laboratory equipment and experimental plots totalling 494 ha.

The institute has undertaken 165 research projects since its opening.

### Commentator Stresses Solving Contradictions in Agriculture

HK1103125294 Beijing JINGJI CANKAO BAO in Chinese 7 Jan 94 p 1

[Commentator's article: "Be Determined To Solve Deep-Rooted Contradictions in Agriculture"]

[Text] In 1993, our country's grain output topped the crucial point of 45 billion kg, fulfilling two years ahead of schedule the quota set by the Eighth Five-Year Plan. Peasants' per capita net income stood at 880 yuan, increasing by 2 percent over the previous year. The peasants' burden began to be lightened. The sales income, net profit, and total value of products of town and township enterprises increased by more than 60 percent. The situation in agriculture is encouraging.

We must be aware, however, that there exists quite a number of deep-rooted contradictions in the development of agriculture and rural economic work. The first is the low comparative effectiveness of agricultural production, especially grain and cotton production. The price scissors between industrial and agricultural products keep increasing, while the income of peasants increases at a slow pace. The second contradiction is that there is no sign of improvement in the system to promote agricultural technology, which has broken down, with its personnel scattered. The phenomenon of "unhooking and weaning" is quite common. The third contradiction is that agricultural science and technology lags behind the development of production. It lacks fine species, as well as new, low-cost, highly beneficial breeding and cultivation technology for the purpose of upgrading

agriculture. The rate at which current scientific research is promoted and transformed is comparatively low. The fourth contradiction is the increasing employment pressure caused by the surplus labor force. The fifth is that state agricultural regulation and control measures are insufficient, while the agricultural foundation is weak. These problems seem commonplace, but many new developments have taken place in each of these areas. Our task is to analyze these new developments, study the new problems, and be determined to solve these deep-rooted problems in the development of our agriculture and the rural economy.

Information from an authoritative department shows that 1994 is to be the year for major breakthroughs in our economic restructuring. The state will adopt important measures in finance, taxation, banking, planning, investment, foreign trade and the reform of state-owned enterprises. Beginning this year, the reform will shift from the surface to a deeper level, from breakthroughs in single items to overall coordination, from paying attention to the benefits brought about by comparatively independent reform measures to the formation of a comprehensive new economic relationship.

It is inevitable that this reform situation in China will have a profound impact on rural reform because it is an important part of the economic restructuring of our country. On the one hand, it will give a vigorous boost to agriculture and the rural economy. In the past, we used to say that it was difficult to deepen agricultural reform. The key problem was that the external reform was not coordinated with rural reform. This year, now that the entire economic restructuring has come to a crucial phase of overall advance, it will create an excellent external environment for rural reform and development. We should grasp this opportunity firmly. On the other hand, the reform will readjust the present pattern of interest distribution in a big way. It is also inevitable that it will affect agriculture and the rural economy in a disadvantageous way. Take the reform of the financial and taxation system for example; the practice of the new circulating-tax system and the unification of enterprise income tax will have a considerable effect on the tax load of town and township enterprises. Moreover, these enterprises also have to undertake many social burdens and tasks to develop agriculture through industry. As a result, their profit retention will be less, which will affect the capacity of these enterprises for further development. Raising prices for crude oil, refined oil, and electricity, as well as completely deregulating prices for centrally distributed coal and farm chemicals, will bring about price increases for the means of agricultural production and will increase the cost of agricultural products.

In short, the nation's in-depth reform provides a good external environment for solving the deep-rooted contradictions in agriculture and the rural economy. We should say that it is high time for us to seize the opportunity to solve these deep-rooted contradictions in agriculture and the rural economy. In actual practice, of

course, these deep-rooted contradictions cannot be solved overnight, nor can they be solved altogether at the same time. The competent state department should take them into consideration as a whole and should make overall arrangements. A locality, a department, or a system first should solve whatever problem for which the conditions for

its solution are ripe. Now confronting us are contradictions and difficulties, as well as potential and opportunities. However, the opportunities we have are greater than the difficulties. Therefore, we must take hold of the situation, grasp the opportunities and meet the challenges so as to make our agriculture and rural economy take off again.

**Defense Ministry Report Details Taiwan Attack Plans***HK1503110894 Hong Kong AFP in English 1042 GMT 15 Mar 94*

[Text] Taipei, March 15 (AFP)—China would resort to the use of M-9 and M-11 missiles to attack the western coast of Taiwan in the event of an invasion of the island, according to a defense ministry report. The report is yet to be released, but excerpts published by the United Evening News said China had authorized its military to deploy the surface-to-surface tactical ballistic missiles.

The report says China has never given up on invading Taiwan, and would be encouraged to attack if the island declared independence, in the event of large scale chaos or riots, the weakening of Taiwan's defense force or foreign intervention into Taiwan's internal affairs. China would also be encouraged to invade if Taiwan developed nuclear arms, or in the event of unstable political conditions in the post Deng Xiaoping era, the report adds.

The report lists what it says are the six most likely ways Beijing would attack Taiwan, including the seizure of Taiwanese-held offshore islands, using jet fighters to violate Taiwan's air space, bombarding its west coast with missiles, and starting fishing disputes to give the Chinese navy an excuse to invade. China has regarded Taiwan as a renegade province since the 1949 civil war, and has threatened to attack if Taiwan declares independence.

The report says China has actively promoted its offensive capability by buying more sophisticated arms and technologies from Russia, and says Taiwan will also seek to modernize its forces. Admiral Liu Ho-chien, chief of the General Staff, has warned that the next two years would be pivotal for Taiwan in trying to keep China's increasingly superior armed forces at bay.

Taiwan takes delivery in 1996 of 150 F-16 and 60 Mirage 2000-5 jet fighters it has ordered from the United States and France, plus several foreign-made warships, but says an absence of modern weaponry leaves it particularly vulnerable until that time.

The report, entitled Defense Ministry White Paper, will be published between late March and early April, a ministry official told AFP.

**Coast Guard Seizes 6 Million Yuan in Counterfeit Renminbi***OW1203083394 Beijing XINHUA Domestic Service in Chinese 0633 GMT 12 Mar 94*

[By reporter Gai Jindong (5556 6855 2639) and correspondent Huang Xinxiang (7806 2946 4382)]

[Text] Beijing, 12 Mar (XINHUA)—These reporters have gathered from the Frontier Guard Bureau of the Ministry of Public Security that at noon on 9 March,

officers and men from the Putian station of the Putian Frontier Guard Detachment of the Fujian Frontier Guard Corps of the Armed Police Force seized 6 million yuan's worth of counterfeit renminbi in Wenjia harbor, Putian. "Xintongfa," the Taiwan fishing vessel involved in the case, was taken into custody. Two Taiwan fishermen, Chen Tongfu and Chen Xianming, were detained in accordance with the law.

It has been disclosed that at midday on 7 March, Chen Tongfu and Chen Xianming, fishermen from Taiwan's Jilong [Keelung] City, sailed the "Xintongfa" fishing vessel out of Jilong harbor, carrying with them 6 million yuan's worth of counterfeit renminbi. At noon on 8 March, they berthed at Tailun in Wenjia, Putian, under the pretext of seeking shelter from the wind. On 9 March, officers and men from the Putian Frontier Guard Station boarded "Xintongfa" to conduct an inspection in accordance with relevant provisions. Among worn-out fishing gear on deck they found four cardboard boxes containing 6 million yuan's worth of counterfeit renminbi denominated in 100 yuan and bearing a fake printing year of 1980. This was the first major case involving counterfeit renminbi uncovered by frontier guards from the Ministry of Public Security in coastal areas since the beginning of this year.

The case is now under further investigation.

**Shanghai Newspaper Chiefs Visit Taiwan***HK1403045594 Hong Kong LIEN HO PAO in Chinese 12 Mar 94 p 11*

[By reporter Chu Wei-ching (2612 0251 4552) from Taipei: "Shanghai JIEFANG RIBAO Chief Editor Visits Taiwan at Invitation of Taipei LIEN HO PAO"]

[Text] At the invitation of Taipei LIEN HO PAO, Ding Ximan, editor-in-chief of Shanghai JIEFANG RIBAO, and editor Chen Zhongbiao, took a plane yesterday evening for a 13-day visit to Taiwan. JIEFANG RIBAO, a mouthpiece of the Shanghai Municipal CPC Committee, has set six records in mainland's press reform since the Third Plenary Session of the 11th CPC Central Committee in 1979. Now JIEFANG RIBAO is one of the four major newspapers which is read daily by the CPC Central Committee. Ding Ximan said that the purpose of his current visit to Taiwan is to open up a channel of press cooperation with the Taiwan media.

Shanghai's JIEFANG RIBAO took over a textile mill in the latter half of last year, setting a precedent in mainland media taking over an enterprise.

Ding Ximan explained the six records set by JIEFANG RIBAO since the Third Plenary Session of the 11th CPC Central Committee: The first newspaper to resume coverage of social news; the first to establish a comprehensive newspaper digest; the first to resume publication of serial novels; the first to resume commercial advertisements; the first to publish a colored "Weekend Supplement"; and since 1 January last year, the newspaper has



published 12 pages per issue, another record set in the provincial-level newspapers.

Ding Ximan said that the four major newspapers which are read daily by the CPC Central Committee, include RENMIN RIBAO, BEIJING RIBAO, and Shanghai's

WENHUI BAO and JIEFANG RIBAO. Ding continued that JIEFANG RIBAO is an influential newspaper in China.

Ding Ximan and Chen Zhongbiao will stay in Taiwan until 24 March. During this period, they will call on the Straits Exchange Foundation, Chen Lifu, and other press agencies.

**Gorbachev To Meet President, Premier During Visit***OW1403081094 Taipei CNA in English 0736 GMT  
14 Mar 94*

[By Debbie Kuo]

[Excerpt] Taipei, March 14 (CNA)—Mikhail Gorbachev, former president of the now defunct Soviet Union, is scheduled to arrive in Taipei March 20 for a five-day visit at the invitation of the UNITED DAILY NEWS.

Gorbachev will be accompanied by his wife and an eight-member entourage including his spokesman and several specialists in Southeast Asian affairs.

During their stay, Gorbachev and his party will meet with President Li Teng-hui, Premier Lien Chan and other government officials and parliamentarians. Gorbachev will also make several speeches and meet with local scholars and students.

UNITED DAILY NEWS Chairman Wang Pi-cheng invited Gorbachev to Taipei last February while on a visit to Moscow.

Gorbachev responded to the invitation by saying, "it will be my pleasure to see the rich Chinese culture and to meet the industrious and intelligent people in Taiwan." [passage omitted]

**Mainland Affairs Official Discusses Future Hong Kong, Macao Policy***OW1203172494 Taipei CNA in English 1259 GMT  
12 Mar 94*

[By Lilian Wu]

[Text] Taipei, March 12 (CNA)—The government will try its best to maintain relations with Hong Kong and Macao after the two colonies revert to Mainland Chinese rule in 1997 and 1999, a Mainland Affairs Council (MAC) official said Saturday [12 March].

Cheng An-kuo, the MAC's director of Hong Kong and Macao affairs, made the comment at a hearing sponsored by Legislator Parris Chang in the Legislative Yuan on the future course of the government's Hong Kong and Macao policy in view of recent developments there.

Chang, a scholar-turned-politician, invited government officials and academics to give their views during the hearing.

Cheng, elaborating on the just-announced draft of the statute governing relations with Hong Kong and Macao, said that Taiwan will still consider the colonies as "special areas" rather than as Mainland Chinese territory after the colonies revert to Mainland Chinese rule, and will not consider links with them to constitute "direct" links with Mainland China.

He noted that all Taiwan Government offices in Hong Kong and Macao would continue to operate on a civilian basis after the handover, and said that the Taiwan-Hong Kong and Taiwan-Macao relationships would continue much the same way as before. He added that the rights of Taiwan residents living in the colonies would be fully protected.

On whether Beijing would try to seize Taiwan Government property in Hong Kong and Macao after 1997 and 1999, Cheng said that he could not rule out that possibility, and said that Taiwan has asked for legal help to safeguard against such an exigency.

**Taipei's Export Reliance on PRC Reaches 14.9 Percent***OW1103140794 Taipei CNA in English 1235 GMT  
11 Mar 94*

[By Danielle Yang]

[Text] Taipei, March 11 (CNA)—Taiwan's export reliance on Mainland China in 1993 reached 14.9 percent, up from [number indistinct] percent five years ago, Council for Economic Planning and Development Chairman Hsiao Wan-chang said.

Export reliance measures the percentage of Taiwan's total export value that goes to a country.

Hsiao revealed the figures while delivering a speech on cross-Straits relations and future economic development sponsored by the National Unification Council Thursday [10 March].

Citing Hong Kong customs tallies, Hsiao said that cross-Straits trade increased from US\$2.7 billion in 1988 to US\$8.69 billion in 1993.

In 1988, Taiwan's exports to Mainland China via Hong Kong totaled US\$2.24 billion, accounting for 3.7 percent of Taiwan's total exports. The figure jumped to US\$7.59 billion in 1993.

[Word indistinct] said that most of Taiwan investment on the mainland would now be considered long-term, and that investors are now targeting inland regions and moving away from coastal areas.

Investors are also putting their money into technology-intensive enterprises rather than labor-intensive ones, and into medium- and large-sized ventures rather than small ones.

**New Regulations on Relations With Hong Kong To Be Adopted***HK1303023394 Hong Kong LIEN HIO PAO in Chinese  
21 Feb 94 p 6*

[By reporters Yin Nai-hsing (1438 0035 7451) and Li Chien-kuo (2621 0256 2654) from Taipei]

[Text] With the crucial year 1997 approaching, such issues as the orientation of Taiwan's relations with Hong Kong and Macao and aviation agreements are attracting attention from various quarters. Because the two sides of the strait, as well as Hong Kong and Macao, will all be signatories to the General Agreement on Tariffs and Trade [GATT], the Taiwan side may in the future define the relations among the two sides of the strait and the three parties as "one country, four regions" and "two banks, four sides."

As to the aviation agreements, the relevant departments of Taiwan will energetically push ahead with Taiwan-Hong Kong talks on aviation rights and Taipei will also strive to open a Taiwan-Macao air route, because it may even serve as a "cushioning chip [huan chong chou ma 4883 0394 4693 4316]" for the Taiwan-Hong Kong talks on aviation rights.

The first phase of the Macao Airport will be completed by the middle of next year. The Macao Government is very interested in opening a Taiwan-Macao aviation line. The term of an aviation contract is five years, so it should straddle 1999. If so, no matter how the Taiwan-Hong Kong talks on aviation rights are progressing, at least the Taiwan-Macao route can serve as an intermediary transit base. But the Macao Government is hoping that the two sides will sign a commercial aviation contract, so as to lower the level of official involvement. Furthermore, the Beijing factor is present in the Taiwan-Macao talks on aviation rights, which will be a significant variable in the negotiation process.

Beijing will resume sovereignty over Hong Kong and Macao in 1997 and 1999 respectively. The evolution of Hong Kong society and Macao society under Beijing's rule and the development of Taiwan's relations with Hong Kong and Macao will be a big variable in the progress of cross-strait relations. The departments concerned in Taipei are working hard on the "Regulations on the Relations With Hong Kong and Macao," which will govern exchanges between Taiwan and Hong Kong and Macao after 1997 and 1999. Taking account of Beijing's response, the relevant departments in Taipei have claimed to the outside that these regulations are being deliberated under the framework of "one country, two regions," but in actual fact the preamble of the regulations will clearly define the Hong Kong region and Macao region as distinct from the two sides of the Taiwan Strait. Thus, with the additional definition of the Taiwan region and mainland region contained in the regulations on the relations between the people on both sides of the strait, the framework of "one country, four regions" is coming into being.

Considering that the two sides and Hong Kong and Macao will all be signatories to the GATT and the level of internationalization of the two sides and three regions will increasingly grow, Taipei's decisionmaking body on mainland affairs will probably define the two sides and Hong Kong and Macao after 1997 and 1999 as "two banks, four sides" and "one country, four regions," so as

to make less significant the comparative appraisal [xiang dui ping bi 4161 1417 6097 3024] of the two sides under the principle of "one country."

It is learned that when the group for developing the regulations on Taiwan's relations with Hong Kong and Macao came to Hong Kong to solicit comments from various circles in the process of drafting the regulations, the people consulted include some pro-China personalities, such as the persons in charge of China-funded organizations, Hong Kong members of the Chinese People's Political Consultative Conference national committee, and advisers on Hong Kong affairs.

Following the group's extensive consultations in Taiwan and Hong Kong, the draft regulations on Taiwan's relations with Hong Kong and Macao have been initially completed. Tomorrow, the Mainland Affairs Committee will hold its first examination session on the draft. In April, the drafting work will officially enter the stage of examination by all ministries and commissions. It is expected to be submitted to the Legislative Yuan for deliberation before the end of this year.

#### Taipei, Singapore To Link Customs Clearance Systems

OW1203091294 Taipei CNA in English 0747 GMT  
12 Mar 94

[By Sofia Wu]

[Text] Taipei, March 12 (CNA)—Taiwan and Singapore will link their automatic customs clearance systems to facilitate exchanges of trade information, the Directorate General of Customs (DGC) announced Saturday [12 March].

"The linkage was first proposed by Australia as part of its effort to promote trade cooperation among members of the Asia-Pacific Economic Cooperation (APEC) forum," said DGC Deputy Director-General Hou Teh-chi.

If the Taiwan-Singapore linkage succeeds, Hou said, other APEC member states will follow suit.

Among the 17 APEC members, only the United States, Australia, New Zealand, Japan, Singapore and Taiwan have established automatic customs clearance systems. As the Japanese system does not meet the United Nations standards, Australia suggested earlier this year that Taiwan and Singapore link their systems first on a trial basis.

Hou said the Ministry of Foreign Affairs has agreed to provide funds needed for the computer uplink.

After the project is completed, Hou said, Taiwan and Singapore will be able to call up each other's export/import product lists and other related information on their own computer screens.



Hou said APEC members will also establish computerized trade databanks to boost multinational economic cooperation.

Apec groups the United States, Canada, Japan, Australia, New Zealand, Mainland China, Taiwan, Hong Kong, the Philippines, Singapore, Thailand, Indonesia, Brunei, Malaysia, South Korea, Mexico and Papua New Guinea.

#### **State-Run Enterprise Officials To Visit Indonesia**

*OW1103141694 Taipei CNA in English 1251 GMT 11 Mar 94*

[By Y. C. Tsai]

[Text] Taipei, March 11 (CNA)—Vice Economic Affairs Minister Li Shu-chiu is scheduled to lead a 20-member delegation to Indonesia in early April to help promote the government's "southern strategy," the Ministry of Economic Affairs announced Friday [11 March].

The delegation will be composed of officials from state-run enterprises such as Chinese Petroleum Corp. (CPC), Taiwan Power Company [Taipower], Taiwan Sugar Corp. [Taisugar], Taiwan Fertilizer Co. Ltd., China Steel Corp., BES Engineering Corp., and Taiwan Salt Works.

Ministry officials said the CPC will be looking at oil exploration and oil refinery deals, and Taipower is interested in investing in both hydro and thermal power generation projects.

In addition, CPC officials will meet with their Indonesian counterparts on the purchase of low-sulphur crude oil and liquefied natural gas, while Taipower will offer to help train Indonesian electricity engineers and managers.

Taisugar, Taiwan Salt, Taiwan Fertilizer, and China Steel are looking forward to providing Indonesia with expertise in sugar-cane planting, salt panning, fertilizer manufacturing, and steel making, respectively, the officials pointed out.

Moreover, they noted, BES is considering assisting Indonesia in the planning and construction of industrial parks and residential districts.

The government's southern strategy has been fueled by Premier Lien Chan's vacation trip to Malaysia and Singapore at the beginning of the year and President Li Teng-hui's unofficial visit to the Philippines, Indonesia, and Thailand in February.

The strategy encourages Taiwan manufacturers to increase investment in Vietnam and member countries of the Association of Southeast Asian Nations, which groups the Philippines, Indonesia, Singapore, Malaysia, Thailand, and Brunei.

#### **Activities Held to Mark '2-28 Incident'**

*OW2802142194 Taipei CNA in English 1323 GMT 28 Feb 94*

[By Benjamin Yeh]

[Text] Taipei, Feb. 28 (CNA)—Forty-seven years ago, hundreds of people were slaughtered in Taiwan during an uprising against the Chiang Kai-shek government, and thousands more around the island were believed arrested and killed in the crackdown that followed. Today, the nation was quietly commemorating the tragedy in spite of the hurt deep in the minds of many people.

In Taipei Monday morning, more than 300 relatives of those who lost their lives at the massacre, better known as "2-28 Incident," attended a memorial concert sponsored by Soochow University along with ranking government officials and scholars.

Chang Hsiao-tsu, president of the university, said the concert was intended "to commemorate the victims regardless of their age, sex and birthplace."

"The hosting of the concert," Chang said, "is aimed to allow us an occasion to review the historical tragedy so as to avoid the recurrence of similar incidents." It was the second such concert held by the university.

The 1947 uprising was sparked after a government official beat a woman selling untaxed cigarettes. Angry crowds later stormed government offices as native Taiwanese erupted in a fury against what they saw as an oppressive Chiang Kai-shek regime.

Chiang responded by sending troops from the mainland, which the nationalists still ruled, to Taiwan, which had just reverted to Chinese control after 50 years of rule by Japan. It is still unclear as to how many people were killed during the initial uprising and the subsequent period of "white terror." The incident had been a taboo topic of conversation until a few years ago, but with Taiwan's increasing democratization has become a much-debated subject. A report by a special task force of the Executive Yuan put the number of victims at around 18,000-28,000.

Chen Wei-chao, president of National Taiwan University, likened the incident to an untended gash. "The cut was so deep and wide that the wound could hardly be healed, even though nearly five decades have elapsed," said Chen, also a noted surgeon.

The government has apologized for the incident, and is building monuments and mapping out relief measures to compensate the victims, but "the spiritual wounds are hard to heal," Chen said.

In the southern city of Kaohsiung, [word indistinct] Wu Tun-yi chaired a memorial service in front of a monument to the victims. He said he hopes the wounds can be gradually healed and thus pave the way for a more harmonious society.

Wang [words indistinct] president of the Kaohsiung association on the victims of 2-28 Incident, said he was

pleased [words indistinct] here paying great [word indistinct] and concern to the relatives of the victims, but he is still hoping the government will [words indistinct] a national holiday.

Meanwhile, President Li Teng-hui also attended a concert held to commemorate the 2-28 Incident at Taipei's National Concert Hall Monday evening. Li said he hopes through music, the historic wounds can be cleansed and then lingering hatred dispersed.

## Hong Kong

### PLA Banned From Commercial Development of Military Sites

HK1503054494 Hong Kong SOUTH CHINA  
MORNING POST in English 15 Mar 94 p 1

[By Fanny Wong]

[Text] The People's Liberation Army (PLA) will be banned from engaging in business activities on military sites it inherits from the British Garrison in 1997 under a draft Sino-British accord on defence land. According to the draft agreement, a prime site in Queensway, the twin-tower Queens Lines, will be handed over to Chinese troops in 1997 with the British side offering the PLA the right to redevelop the three-hectare site. But to ensure that the military estate close to the Conrad Hotel and Island Shangri-La Hotel, will not be redeveloped for commercial or other uses, British negotiators are understood to have attached a stringent condition that any redevelopment be confined to military use. The draft accord also makes it clear that instead of Hong Kong taxpayers bearing the cost for any redevelopment project, the PLA would foot the bill.

Based on the results of four days of tough negotiations late last month, the draft accord detailing the plan and other arrangements is now being considered by the PLA for final confirmation. Sino-British defence experts are understood to have planned to meet again towards the end of this month, hoping to put the finishing touches to the draft deal. Should the PLA raise no objection to the draft accord, it is expected that the two sides will put the deal to the next Sino-British Joint Liaison Group (JLG) plenum for formal approval. Sources said the two sides were discussing the date for the next plenary session, expected to be held next month at the earliest.

Queens Lines is understood to have been one of the three key sticking points during the long-running defence talks at the JLG. The other stumbling blocks were the relocation of the HMS Tamar naval base to Stonecutters Island, and Britain's demand for China to make a declaration that it would return any unused military facilities to the Special Administrative Region government for development. Comprising two towers and housing more than 40 families of the British barracks, Queens Lines is currently the married quarters for senior British military officers. Property experts have put the value of the site at more than \$6 billion at 1993 prices, given the lack of prime sites in the Central business district. Noting the value of the site, British negotiators are understood to have tried to persuade the Chinese side to release Queens Lines for redevelopment for either commercial or residential use but the Chinese side insisted on retaining at least part of the areas.

One of the options considered by the two sides during the negotiations was for the British side to redevelop the site at a cost of about \$400 million. Anticipating the difficulty in seeking the Legislative Council Finance

Committee's approval for funds, the British side is understood to have cast doubts on the option, which was eventually dropped.

During the negotiations, the Chinese side indicated it wanted to keep Queens Lines for use as married quarters for PLA officers.

### Britain Increases Contribution to Airport

HK1403033294 Hong Kong SOUTH CHINA  
MORNING POST in English 14 Mar 94 p 1

[By Doreen Cheung]

[Text] Britain is willing to pump more money into the Chek Lap Kok airport and its associated railway to cut borrowings to \$5 billion in accordance with the Memorandum of Understanding on the new airport projects.

But Britain wants the 62 hectares of land along the airport railway to be granted in one go, without going through the annual Sino-British Land Commission talks.

In its latest financing package, which is still being studied by the Chinese side, Britain boosted the government injection to \$60 billion, cutting the debts to be borne by the future Airport Corporation and the Mass Transit Railway Corporation to \$23 billion.

But the Chinese side insists Britain abides by a stipulation in the Memorandum of Understanding that any debts above \$5 billion must be agreed to by China.

A source close to the British side said the Government was willing to increase the cash injection into the airport projects as they were a good investment.

But Britain would stand firm on the view that the Chinese should approve granting the 62 hectares of land along the airport railway in one go, on top of the 50 hectares of land disposed of annually.

"We must be ensured that this land is available to us without further strings attached," said the source.

Regarding China's demand to set up a monitoring group to control costs of the airport projects, the source said the Government would not concede this point.

Instead, it would rather allow the Director of Audit to audit the financial accounts of the future airport body, he said.

### Police Recover 67 kg of Khun Sa-Originated Heroin

HK1503062794 Hong Kong EASTERN EXPRESS in  
English 15 Mar 94 p 2

[By Jason Gagliardi]

[Text] A lengthy spell in the briny was not enough to wash away the mark of the world's most notorious opium lord from the biggest heroin haul seized by Hong



Kong police in two years. The "Double Uoglobe Brand" label stamped on 96 blocks of high-grade heroin, weighing 67 kilograms and worth more than \$50m, is the trademark of Khun Sa, the shadowy king of the Golden Triangle. Narcotics Bureau police used grappling hooks to drag the drugs from the seabed south of Lamma Island on Friday, after a tip-off led to a search of the area.

"This was a very big seizure so it was not surprising that it was Khun Sa's stuff," a police source said yesterday. "He is the number one man in the Golden Triangle and authorities have been after him for years. Khun Sa is believed to have a number of hideouts and factories on the Burmese side of the Thai border. He flits in and out of the Golden Triangle but no one seems able to catch him."

Khun Sa, which means "Prosperous Prince" in Burma's Shan dialect, ships his heroin through Thailand and is known to use a road built by the Thais to the remote border town of Homong, where he is believed to have a base complete with international telephone dialling, satellite television and soldiers armed with the latest in weapons.

Hong Kong police are still on the trail of the syndicate which dumped the drugs at sea—a ploy used to minimise the risk of the entire shipment being seized on reaching the territory—and have predicted a "long-term" investigation. The heroin is believed to have drifted along the sea floor and out of reach of the traffickers. The wrapping had begun to deteriorate, although the drugs were not damaged.

In another operation on Sunday night, police seized 13 kilograms of high-grade heroin, worth about \$8m, in Ngau Tau Kok. Acting on information from the Narcotics Bureau, officers of the Kowloon East regional special duties squad staged a raid on a flat in Amoy Garden and arrested two men after finding the heroin and packaging equipment. The men were still being questioned last night.

#### XINHUA Reports Seizure

OW1403025494 Beijing XINHUA in English 0148  
GMT 14 Mar 94

[Text] Hong Kong, March 14 (XINHUA)—Hong Kong [HK] police seized 13 kilograms of suspected No. 4 heroin with a retail value of eight million HK dollars (1.02 million U.S. dollars) in Kowloon late last night.

The seizure was followed by the arrest of two men, both 26-year-old, at a flat in a block in Kowloon after two weeks' investigation.

Later, police seized some packaging equipment inside the flat, believing the premises was used as a drug packaging and distribution center, which supplied drugs to Kowloon West region.

#### China Metallurgical Trade Fair Opens in Hong Kong

OW1403045894 Beijing XINHUA in English 0408  
GMT 14 Mar 94

[Text] Hong Kong, March 14 (XINHUA)—A six-day China metallurgical export products trade fair opened here today in a bid to achieve overseas investment and cooperation.

On display are various metallurgical products manufactured by the China Metallurgical Import and Export Corporation and its 31 subsidiaries.

It is learned that a large-scale metallurgical exhibition will open in Beijing on April 12. It would be the largest of its kind China would ever give.

#### Commentary Says UK Unable To Extend Influence in Hong Kong

HK1403095094 Beijing LIAOWANG in Chinese No 10,  
7 Mar 94 p 45

["Short Commentary" by Ru Nan (3067 2809): "Britain Cannot Possibly Realize Its Attempt To Extend Its Influence in Hong Kong"]

[Text] After a fierce debate lasting nine hours, the British Hong Kong Legislative Council [Legco] passed, in the early morning of 24 February, the partial bill on the arrangements for the 1994/95 elections in Hong Kong tabled by Hong Kong Governor Chris Patten. This action by the British Hong Kong authorities reflects that the British side is determined to move along the road of confrontation with the Chinese side on the issue of Hong Kong. Moreover, it has moved even further down this path and has become even more bogged down.

In May and June last year, as the representatives of the Chinese and British Governments were holding talks on the arrangements for the 1994/95 elections in Hong Kong, the British Hong Kong authorities continuously took unilateral actions, such as approving the "Draft Regulations on the Boundary and Election Committees" and supporting the Legco constitutional panel in discussing the gazetted bill comprising the Patten package in order to pursue the practice of "discussing while talking," which had been rejected by the Chinese side. Furthermore, despite the strong opposition of district board members, they merged into one the two district boards of Yaotsim and Mongkok. While the British Hong Kong authorities were interfering with the talks, the people raised a question: Why have the British Hong Kong authorities repeatedly placed obstacles before the Sino-British talks?

Real intentions are revealed in the end, and the development of the situation has provided a definite answer to this question. Specifically, the British side has no sincerity toward the Sino-British talks on the arrangements for the 1994-95 elections in Hong Kong and has no wish whatsoever to reach an agreement.

Formerly, the two sides agreed through consultations that the representatives of the two governments would hold talks in accordance with the Sino-British Joint Declaration, the principle of converging with the Basic Law, and the relevant agreements and understandings reached between the two sides. Even from the White Paper on the "Representative Development in Hong Kong" published by the British Government, however, we can also see that the British side—apart from admitting that there was identical views between China and Britain on the need to have 18 directly elected seats in the 1991 Legco elections—"there was no agreement whatsoever" on the electoral arrangements for 1995. This ran counter to the agreements and understandings reached through the seven letters exchanged between the two foreign ministers in early 1990. The British side has agreed in word that the talks between the two sides should conform with the aforesaid "three principles." In fact, however, they have acted otherwise, thus depriving the talks of their basis.

In rounds 15, 16, and 17 of the Sino-British talks, in an effort to speed up the process, the Chinese side made tremendous efforts to quickly solve the less difficult issues of the district board and municipal council elections in line with the principle of "solving the less contentious issues first." Just as the differences between the two sides on this issue were narrowing and the talks entered the stage of discussing the clauses for an agreement, the British side deliberately found a pretext to leave the negotiating table first. They also tabled a partial political system package at Legco for discussion, which led to the termination of the talks. In spite of this, the Chinese side continued to repeat: As long as the British side withdraws the partial package that has been tabled at Legco, the Chinese side will continue to hope to resume talks on the 1994/95 electoral arrangements and reach agreement on this issue. The British side willfully took a series of actions, however, such as approving the partial political system bill at Legco, making a unilateral decision on publishing the substance of the Sino-British talks, and deciding to table the rest of the Patten bill at Legco. Thus, it has shut the door to the resumption of the talks. Consequently, the responsibility of disrupting the talks lies squarely with the British side.

Why has the British side stubbornly persisted in contravening the Sino-British Joint Declaration, the principle of converging with the Basic Law, and the relevant agreements and understandings reached between the two sides? It is by no means in order to have an electoral arrangement that is "open, fair, and acceptable to the Hong Kong people," as advertised by the British side. The true objective of the British side is to take advantage of the remaining time of its administration in Hong Kong to make some electoral arrangements favorable to the British side so as to extend British political influence in Hong Kong beyond 1997.

Britain's attempt will certainly come to naught. In his statement on the passage of Patten's partial political system bill by the British Hong Kong Legco, a

spokesman for the State Council's Hong Kong and Macao Affairs Office put it very clearly: It is stipulated in the Sino-British Joint Declaration and the Basic Law that Britain's administration over Hong Kong will terminate on 30 June 1997, and the Chinese Government will resume its exercise of sovereignty over Hong Kong on 1 July 1997. In line with this provision, the last district boards, municipal councils, and Legco, as component parts of the Hong Kong political structure of the British administration, will terminate with the end of the British administration. As of 1 July 1997, the political structure of the Hong Kong Special Administrative Region will be set up in accordance with the decisions of the National People's Congress and the relevant stipulations of the Basic Law.

The historical trend of China's reunification is irresistible and the principle of "one country, two systems" will certainly be implemented in Hong Kong. Hong Kong, the "pearl of the Orient," will become even more resplendent after 1997.

#### Article Trumpets UK Critics of Governor Patten

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28 Feb 94 pp 48-49

[Article by Li Dahong (2621 1129 1347): "How Long Can the 'Last Hong Kong Governor' 'Hold Out'?"]

[Text] The "last Hong Kong Governor" Patten published an article entitled "Braving the North Wind" [carried by THE SPECTATOR], which implies that he will resist China to the end on the Hong Kong issue.

However, people must ask how long can Patten "hold out"? In fact, it is not difficult at all to answer this question. As long as we look at how many cards he has, the answer is all too obvious.

Let us look at his "homeland card." When Patten came to Hong Kong, the first thing he did was to show this "trump card." At that time, with almost "unanimous" support in domestic political circles and the British press, Patten was in high spirits and vigorous and made a showy display of his abilities. However, he never thought of the "fire in the back yard" which is now occurring, and he has even stopped boasting about "full support in London." On 8 December 1993, Percy Cradock, a former foreign affairs adviser to the British prime minister and a former ambassador to Beijing, and two other former ambassadors to Beijing—Alan Donald and Richard Evans—were present at a public hearing on Sino-British relations held by the British Foreign Affairs Committee. They criticized Patten's political reform package as a policy of "self-destruction" and called on the British Government to immediately stop the "rash and risky policy of unilaterally implementing political reform in Hong Kong." At a Conservative Party meeting held in the middle of January, former Prime Minister Heath blamed Patten for causing unnecessary damage to Sino-British relations. Early this year, former Labor prime minister James Callaghan and former foreign



secretary Geoffrey Howe also objected on many occasions to Britain's threatening and antagonistic attitude in handling the Hong Kong issue. On the other hand, Hong Kong's SOUTH CHINA MORNING POST reported that when the House of Lords debated the Hong Kong issue not long ago, "only one person said he supported Patten," while in the House of Commons, "many people voiced their disapproval of the consequences brought about by Patten's policy." Meanwhile, there are divergent views within the British Government. The FINANCIAL TIMES published an article last December on the failed Sino-British talks. The article quoted high-ranking officials, who said that to everyone's surprise, Patten did not take heed of the fact that in 1990 the Chinese foreign minister and his British counterpart had discussed and reached agreement on Hong Kong's 1994/95 elections when he drafted his political reform package. The article also revealed that following the 15th round of talks, the British side had drafted a memorandum of understanding in accordance with the Chinese side's suggestions, but Patten had insisted on adding a clause that a single-seat, single-vote system would also be applied to the Legislative Council [Legco] elections, thus sabotaging the Sino-British talks.

The British press criticized Patten in a more candid way. On 20 December 1993, THE SUN published an editorial entitled "Patten—the Most Cynical and Impudent Swindler." The editorial blamed Patten for wrecking Anglo-Chinese relations due to his hypocritical preaching of democracy in Hong Kong, which consequently made it difficult for large firms such as British Aerospace and Rolls-Royce to win contracts in China. The editorial held that what Patten had done was for his own personal honor. Before taking up the governorship of Hong Kong, Patten lost an election in his Bath constituency, and this result even cheered his Conservative Party colleagues. Hence, after taking up the governorship of Hong Kong, he has to try every possible means to rehabilitate himself and his political career. The editorial pointed out incisively that it was "really stupid" for Britain, which had never held any democratic elections in Hong Kong during its 150-years rule, and to antagonize China with less than four years to go before turning over ruling authority was "really stupid." "The price is too heavy if Hong Kong is sacrificed for Patten's personal ambitions." THE SUNDAY TELEGRAPH also published a commentary which pointed out: "For those British businessmen who want to get into the China market, they do not understand why the Westminster model of democracy has to be introduced at a time when Hong Kong will revert to China three and a half years later. Hong Kong Governor Patten is engaging in a political gamble, but Britain has to pay a price in employment opportunities and investment prospects."

It is even more obvious that British business circles, which always set great store by business interests, are dissatisfied with Patten. Early this year, several British newspapers successively reported that since the British Government had implemented its antagonistic policies

toward China, a considerable number of British-invested financial groups had found that their London background had become a "burden" in China trade. Some British firms which are eager to get into the China market would rather do business with Beijing through their overseas subsidiaries for fear that their London background will spoil everything. Hong Kong's MING PAO reported on 29 January that Carter, president of Britain's Birmingham Chamber of Commerce, had told British Foreign Secretary Hurd at a dinner: "British moves in Hong Kong will damage Anglo-Chinese trade."

To put it in a nutshell, the very foundation from which Patten received "unanimous" support in Britain has been shaken.

Let us look at his "international card." Patten once traveled far and wide to make Hong Kong an international issue so that he could bully people on the strength of his connections. However, he has been disappointed with the response of the international community so far. Former Prime Minister of Singapore Lee Kuan Yew has publicly exposed, on many occasions, the British Government's and Patten's political aims and has criticized Britain's antagonistic policy towards China. After that, former Australian prime minister Malcolm Fraser wrote an article in THE AUSTRALIAN for the third time not long ago to attack Patten. Fraser said that the fact that Patten was trying so resolutely to build up "democracy" in Hong Kong at a time when British colonial rule was about to end could only be interpreted as "mischief and stirring up chaos," which is "a kind of wanton behavior." He urged the Australian Government to advise "Britain to suspend and for Patten to withdraw this rash and misleading policy." On 6 January, (Chan Chek-yu), head of the Bureau of Asian and Pacific Affairs in the Canadian Foreign Ministry and who was visiting Hong Kong and China, publicly denied that Canada had expressed support for Patten's political reform package. He reaffirmed that the Canadian Government supported the Sino-British Joint Declaration. As reported by the HONGKONG STANDARD on 4 February, even the United States, which has a special relationship with Britain, "is not willing to reaffirm its support for the Hong Kong governor."

Playing the "public opinion card" is Patten's specialty, but how is Hong Kong public opinion now? Allan Rogers, foreign affairs spokesman of the British Labor Party, said that after listening to views expressed by various circles in Hong Kong, among those whom he came into contact with, most were primarily, and to a far greater extent, concerned about their own lives and the question of whether or not the transition of Hong Kong would be smooth than about reform of the political system. (Adeley), chairman of the Chinese Affairs Subcommittee of the British Parliament, did not even mince his words. He said that Patten had not consulted Legco and the people of Hong Kong at all before he did anything in Hong Kong, so how could there be "public opinion"? After all, playing the "public opinion card" to portray an image of "keeping in close touch with the



people" is the consistent work style of a politician. As indicated by an opinion poll at the end of January conducted by an independent market research company which was entrusted by MING PAO, there is a markedly growing number of citizens who are asking for Patten to be dismissed from his post. Hong Kong's SOUTH CHINA MORNING POST even reported on 23 January that Hong Kong's Liberal Party, which is "one of the most influential parties in Hong Kong," announced that they are "withdrawing their support given to Patten's package."

Perhaps some people praise Patten for his courage, but more and more people understand that this is a kind of irresponsible courage. Just as Craddock, former foreign affairs adviser to the prime minister of Britain, said: "If it is you who bears the consequences of your own act of heroism, your heroism is above reproach. But if you carry out a heroic act at the expense of others' interests, and particularly the interests of those who trust you—as we are doing in Hong Kong—it is precisely a different story." Patten's willful acts will inevitably endanger Hong Kong's prosperity and stability at present, and after 1997, but he will not be the one who will bear such consequences. He will simply go away after 30 June 1997 and the chaotic situation stirred up by him must be cleared up by the people of Hong Kong. So here is the "last Hong Kong governor" who always claims to think about the interests of Hong Kong people but who is not as good as his word.

Now, the British Government has been thrown into confusion. The UK correspondent of Hong Kong's DONGFANG RIBAO [ORIENTAL DAILY NEWS] reports that when Patten and senior British cabinet officials discussed the issue of whether or not he should table the remaining part of his political reform draft to Legco, they held divergent views and differences between them were gradually widening. Senior officials in the Foreign Office, including Foreign Secretary Hurd, have leaned towards supporting a prudent direction, saying that the original package must be greatly amended so that the "Chinese side will feel that the British side still strictly abides by the stipulations of the Basic Law and the Sino-British Joint Declaration."

Why has Patten, who was once smug, fallen into such a predicament? Apart from the fact that his unjustifiable moves are unpopular, another important factor is that mainland China, which is full of vitality, is absolutely able to maintain Hong Kong's prosperity and stability after 1997, is marching to the world with great strides, and has become a vital force in the international economy. Recently, such key western countries as the United States, Germany, Japan, Canada, Australia, and France have conformed to the trend of the times and have successively reviewed their policies towards China to strive for friendly cooperation with China and to get into the China market in order to achieve huge economic gains. However, Britain is going against the tide and is

inevitably in an isolated and passive position. Patten still insists on "braving the north wind," but how long can he hold out?

### Commentary Criticizes Patten 'Asset' Theory

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21 Feb 94 p A10

["Special commentary" by Yu Yen (0205 6056): "Playing the 'International Card' Is of No Avail—Commenting on Chris Patten's 'International Asset' Theory"]

[Text] Hong Kong Governor Chris Patten returned to Hong Kong in a huff after spending his holidays and making several visits in Australia. In an interview with the media on the last day of his stay in Australia, he went so far as to say that Chinese officials do not understand the international status and importance of Hong Kong so their criticism of him does not conform to reality, adding that Hong Kong is an "international asset" as well as China's asset.

What is the purpose of Chris Patten's trip to Australia? Though he repeatedly argued in his defense that he did not go to Australia in search of support for his constitutional package, the fact he talked a great deal about his constitutional package and requested Australia to pass on "genuine democracy" to Hong Kong reveals that he visited Australia to seek international support for this constitutional package, of which the first part will be put to the vote, after his constitutional package had drawn sharp criticism and came in for questioning at the British Parliamentary Foreign Affairs Committee hearings. The Australian Government and public, however, gave him and his constitutional package the cold shoulder and many media units and Chinese organizations even severely criticized him. Only one or two government officers, who do not know anything about the Sino-British Joint Declaration and the Basic Law, supported him verbally. When commenting on this, a Chinese official pointed out: While Patten is playing the international card, it is extremely inappropriate for Australian Government officials to make irresponsible remarks. This criticism hit the vital spot. In response, Patten showed his ignorance and arrogance, once again proving that the British Government is bent on making the Hong Kong issue an international one before evacuating Hong Kong and changing Hong Kong into an independent or semi-independent political entity, to extend the influence of its colonial rule.

### Sovereignty Over Hong Kong Cannot Be Evaded

Ostensibly, some people feel Governor Patten's remarks, quoted at the beginning of this article, were made in praise of Hong Kong and in defense of Hong Kong's international status and its importance. However, a rough analysis shows the matter is not so simple. In saying Hong Kong is an international asset, Patten intentionally evaded the problem of to whom Hong

Kong belongs. According to Patten, since Hong Kong is an "international asset," it belongs to the international community, namely, it is shared by every country in the world or at least it is an independent or semi-independent political entity, over which China cannot exercise sovereignty. Does this not clearly show that China's sovereignty over Hong Kong was evaded or even denied?

How can China's sovereignty over Hong Kong be evaded! Since ancient times Hong Kong has been an inseparable part of Chinese territory. This is a fact known to all. Hong Kong was "ceded" and "leased" by the corrupt Qing Government to the "Great British Empire" when the latter sent in overpowering warships and cannons in its invasion of China, so it was in fact "stolen" or forcibly "occupied" by Britain.

Though Britain has ruled over Hong Kong for one and a half centuries, the fact that Hong Kong is China's sacred territory will never change. The Chinese nation has gone through a good deal, so the Chinese people value the country's sovereignty all the more. The Chinese Government and people have never acknowledged the unequal treaty signed at the point of a bayonet. It is for this reason that Deng Xiaoping has said on many occasions: "China refuses to yield an inch on the territory problem. To put it bluntly, sovereignty is not a problem for discussion." These sonorous and forceful remarks most vividly highlight and express the common desire of the Chinese people, including Hong Kong compatriots.

#### **Attempt To Turn Hong Kong into International Wrestling Ring**

Before the Chinese people, who refuse to be bullied again, Patten's attempt to evade and deny the fact that Hong Kong belongs to China by saying Hong Kong is an "international asset" is of no avail.

What merits attention is that this was not the first time Patten has referred to Hong Kong as an "international asset." In early May last year, he openly alleged that Hong Kong was an "international asset" in a speech in Washington. To echo this assertion, British Foreign Secretary Douglas Hurd said in both Singapore and Jakarta last July that Hong Kong had become a "political city." The two used different terms but they meant the same thing. They tried to change Hong Kong into an international political wrestling ring in a bid to throw Hong Kong into confusion, cripple Hong Kong's superiority as an international financial center, and rely on international forces to prevent China regaining sovereignty over Hong Kong.

Patten's allegation that the Chinese side does not understand Hong Kong's "international status" is entirely nonsense. How can Patten be compared with the Chinese Government where the understanding of Hong Kong's international status and its importance are concerned. It is because the Chinese Government has a profound and accurate understanding of Hong Kong's past and present state, and its international status, that it

was able to advance a series of principles and policies including "one country, two systems," "allowing Hong Kong people to administer Hong Kong and enjoy a high degree of autonomy," and so on to solve Hong Kong problems. The fact that the Chinese Government included the series of principles and policies into the Sino-British Joint Declaration, which was made known to the world, giving them concrete form and putting them on a legal basis in the Basic Law, vividly indicates that the Chinese Government has a penetrating understanding of Hong Kong's "international status." Undoubtedly, a city's international status and functions are entirely different from the issue of to which country it belongs. They are different concepts and cannot be lumped together. Hong Kong is ranked among the biggest international cities and has become one of the international economic, trade, financial, and shipping centers but this will never change the fact that it is part of Chinese territory. The same is true of New York, Paris, and Tokyo: They are international big cities but nobody can deny that they belong to the United States, France, and Japan respectively.

Clearly Patten has an axe to grind in preaching the "international asset" theory. By falsely alleging that the Chinese side does not understand Hong Kong's international status, he obviously was trying to shift public attention, cheat the media, and lure the international community into meddling in Hong Kong affairs, thus finally attaining the goal of internationalizing the Hong Kong issue.

#### **The British Side Has Attempted To Prolong Colonial Rule for a Long Time**

Internationalizing the Hong Kong issue is one of the British Government's important plans to continue its colonial rule over Hong Kong after 1997 and is also one of its concentrated examples of going back on its word after signing the Sino-British Joint Declaration.

Britain has been unhappy, unconscious, and even unwilling to return Hong Kong to China. At the beginning they said "the three treaties remain effective," later they suggested "exchanging sovereignty for administrative power," and then they proposed "Sino-British joint administration." All these showed their reluctance to give up colonial rule and return Hong Kong to China.

Former British Prime Minister Mrs Thatcher laid bare in her memoirs Britain's three-step strategy for handling the Hong Kong issue. First, insisting that Britain enjoy sovereignty over a part of Hong Kong; second, exchanging sovereignty over Hong Kong for long-term administrative power; and third, developing a democratic structure with the aim of granting Hong Kong independence or autonomy in a short period in the same way they treated Singapore, if the above two steps proved unworkable.

Before the Chinese people, who had risen to their feet, the first two steps have gone to the wall, so they are now stepping up implementation of the third step by taking

advantage of their administrative power. People are now clear that everything, including the "representative government system," "the right of abode in the United Kingdom," the "formation of the court of final appeal," and "introducing the committee system into the Legislative Council" was closely related with to the third step. What Patten has said and done since he arrived in Hong Kong, including the "international card," has been designed to meticulously carry through the third step laid down by the British Government. This is exactly what is meant by the Chinese saying: He who has come, has come with ill intent, certainly not on virtue bent. This is the soft tactic Britain, which was a great empire over 100 years ago but is now on the wane, is forced to apply when it can no longer be insufferably arrogant before the giant in the east—the powerful People's Republic of China. According to Percy Cradock's memoirs, Mrs Thatcher once spoke of the need to appoint a politician as the last Hong Kong governor. This was because only a politician can achieve a certain political objective; can be impudent and break his promises; can contradict himself and chop and change; and can stop at nothing and risk danger in his desperation to carry out his plan. Patten has acted this way since he came to Hong Kong. Therefore, Patten's behavior is not personal but reflects a change in Britain's policy toward Hong Kong.

If anyone says Mr Patten has loafed around and wandered about doing nothing since he arrived in Hong Kong, this is unfair. Over the last two years, making nothing of the hardships, he has traveled to many countries to enlist support for his constitutional package in a move to internationalize the Hong Kong issue. During his recent trip to Australia, apart from saying that Hong Kong was an "international asset," he claimed that for various countries to support Hong Kong in expanding democracy is not equivalent to interfering in China's internal affairs. He also called on the international community to see to it that China honor its commitment after 1997 and alleged that Britain bears a "moral responsibility" for Hong Kong, and so on. All this thoroughly exposes Britain's plan to internationalize the Hong Kong issue.

Nevertheless, it is internationally accepted that while the Hong Kong issue is a matter for both China and Britain before 1997, it is purely a Chinese internal affair after 1997. So any attempts by Patten and Britain to make the Hong Kong issue an international one are doomed to failure.

## Macao

### Exhibition on Macao's Basic Law Opens in Beijing

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GMT 14 Mar 94

[Text] Beijing, March 14 (XINHUA)—An exhibition of 160 photos reviewing the work for drafting the Basic Law of the Macao Special Administrative Region opened at Beijing University here this afternoon.

The three-day exhibition recording the partial work of the drafting and advisory committee members is aimed at commemorating the first anniversary of the publication of the Macao Basic Law.

Qian Weichang, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), said the Hong Kong and Macao Affairs Office under the State Council will sponsor a series of commemorating activities here.

These will help people understand China's basic policy toward Macao, its government's principle of "one country, two systems" and its unremitting efforts for the implementation of the Sino-Portuguese Joint Declaration on the Question of Macao, he said.

He said that young students will witness the return of Macao to the motherland. Therefore, to run such an exhibition at Beijing University will be of vital importance to strengthening their national dignity and historical responsibilities.

Chen Ziyang, deputy director of the Hong Kong and Macao Affairs Office under the State Council, said the principle of "one country, two systems" is China's basic state policy.

China will resume its exercise of the sovereignty over Macao on December 20, 1999, which he said will be a major event in China's history.

To enable residents from both the mainland and Macao to understand thoroughly the Macao Basic Law is an important long-term task to ensure Macao's stable transition and smooth transfer of its power, Chen said.

Macao needs for both sides to work hard together to accomplish this task, he added.

In addition, three documentary films reflecting Macao's history and economy will be shown and a seminar on the return of Macao and Hong Kong and prospects for these two regions will also be held at Beijing University.

Taking part in today's opening ceremony were Qian Weichang and Ma Mankei, vice-chairmen of the National Committee of the CPPCC, Lu Ping, director of the Hong Kong and Macao Affairs Office under the State Council, and Guo Dongpo, director of the Macao branch of the XINHUA NEWS AGENCY.



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